



# **Daily Report—**

## **China**

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# Daily Report

## China

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23 December 1991

**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

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## General

### UN Ambassador on Role in New World Order

OW2212050491 Beijing Radio Beijing in Mandarin to Asia 0900 GMT 21 Dec 91

[Interview with UN Ambassador Li Daoyu by (Qian Yirun); place and date not given; from the "Report on Current Events" program—recorded]

[Text] Dear listeners: Over the past year, which is now coming to a close, the UN continued to play an important role in maintaining international peace and security. Recently, our reporter (Qian Yirun), stationed in the United Nations, interviewed Li Daoyu, China's permanent ambassador to the United Nations, on the United Nations' role in the international stage and China's role in the United Nations. In this program, we will air the recording of the interview:

[(Qian Yirun)] Ambassador Li, welcome to the studio and thank you for accepting my interview. This has been a year characterized by the United Nations' significant results in maintaining peace. Could you please review these contributions briefly?

[Li] Yes. Due to the development and changes in the international situation over the last year, the UN, especially the Security Council, is playing an ever more important role on the international stage. New results have been achieved in its continuing positive efforts to maintain international peace and security. Because of the United Nations' positive participation and efforts, certain regional conflicts have either been resolved or are in the process of being resolved.

In chronological order, the first of these conflicts was the Gulf crisis. When Iraqi troops pulled out of Kuwait in the beginning of the year, the UN Security Council (UNSC) passed a cease-fire resolution and made a series of decisions to handle the problems that arose after the war. The UN dispatched an Iraq-Kuwait military observation group to supervise the cease-fire, and it also set up the Iraq-Kuwait border committee to tackle the two countries' border issues in accordance with the 1963 treaty with the cooperation of the two governments. In addition, the Security Council also established a special committee to take charge of inspecting and destroying Iraq's large-scale destructive weapons.

Second, the UN sent a special group, including military observers to Western Sahara to supervise a cease-fire and also to take charge of the arrangement for and supervision of the local residents' general election, which will decide West Sahara's future status.

Third and last, it is especially worthy to mention that, under the push of the five UNSC member nations and the hard work of the various sides, a peace accord to comprehensively solve the Cambodian issue in a fair and just manner has finally been reached. Before this, the Cambodian Supreme National Council headed by

Prince Sihanouk was established to exercise Cambodia's sovereignty. According to the accord's relevant stipulations, the United Nations will supervise the withdrawal of foreign troops and the cease-fire by all sides, and to stop the arrival of military aid from outside. During Cambodia's transition period, various UN authorities will play important roles until the task of supervising the general election is done to fully restore Cambodia's peaceful, independent, and neutral status. At present, the UN has already sent out advance troops to Cambodia. UN authorities in Cambodia during the transition period will be the largest peace-keeping efforts with the widest scope since the establishment of the United Nations. In addition, the UN has also separately sent peace-keeping groups of different formats to Salvador and Angola in 1991.

Within a year, the UN has effected five peace-keeping activities of different scales, which has rarely been seen in the history of the United Nations. China positively supports the peace-keeping activities that have been carried out in accordance with the UN Charter and that have been accepted by relevant parties involved. After China sent military observers to the UN Middle East cease-fire supervision group, it has successively sent military observers to the UN's Iraq-Kuwait observation group, Western Sahara's special group, and advance troops to Cambodia this year. China will continue to make contributions toward peace-keeping activities through actual deeds.

[(Qian Yirun)] I noted that in the general debates at the 46th UN General Assembly (UNGA), many countries, particularly the developing countries, stressed that the future world order should not be one that permits a certain big country or a few big countries to give orders to the world but should be one that is established on the basis of equality for all countries regardless of size and on the principle of peaceful coexistence. They have been calling on the UN to play an even larger role in the process of establishing the new world order. What is your comment on such views?

[Li] I totally agree with such views. The world situation has undergone tremendous changes in recent years. During this year's UNGA general debate, many developing countries have successively voiced their opinions on the establishment of a new world order. They do not agree with a new order that permits one or a few big countries to have total control over all matters. They hope to establish a fair and just new international order which gives equality for all countries regardless of size, and one which is also conducive to world peace and development. China fully sympathizes with and supports the reasonable suggestions of the vast number of developing countries. In fact, Chinese leaders have already proposed the idea of establishing a new international political and economic order on the basis of the Five Principles of Peaceful Coexistence a few years back. The principles are fully in line with the objectives and principles of the UN Charter. A new international political and economic order established on the basis of these five

principles should be one with the basic characteristics of respect for the sovereignty of each country, noninterference in other country's internal politics, and equality for all countries regardless of size. We support the UN's efforts in playing an important role in establishing a new international order. At this year's UNGA, State Councilor and Foreign Minister Qian Qichen comprehensively and adequately put forward China's just stance and rational proposal on establishing a new world order in respect to peace, security, the economy, and society; and received wide-ranging praise and support. We believe that the vast number of developing countries want to enhance unity and work together with one another. We can surely achieve continuous progress and results in the struggle to establish a fair and just new world order through ceaseless hard work.

**[(Qian Yirun)]** Can you also tell us, as one of the permanent members of the UNSC, what kind of role China can play in the UN?

**[Li]** China is a permanent member nation of the UNSC and also a big country with the largest population; in addition, it possesses nuclear weapons. As China implements an independent and peaceful foreign policy, it enjoys great prestige in the UN. This year marks the 20th anniversary of China's recovery of its lawful seat in the UN. Looking back at the last 20 years, embracing the lofty aims of maintaining peace, stimulating development, and strengthening cooperation, China has pursued and safeguarded the objectives and principles of the UN Charter, actively participated in the UN's work in all fields; adhered to its principles, upheld justice, opposed hegemonism and power politics; and spoke for and safeguarded the interests of the Third World; at the same time, it also participated in a series of the permanent member nations' political consultations pertaining to major issues in a constructive manner. China has brought to play its important functions in the UN and made important contributions toward the cause of world peace and development, and won widespread praise from the international community. Under the current complex and ever-changing international situation, China will proceed along the correctness of its treaded path to continue to make its share of contributions and also to push for the UN to play an important role in establishing a fair and just new international order.

**[(Qian Yirun)]** Here I would like to thank you for accepting my interview. Goodbye, Ambassador Li.

**[Li]** Goodbye.

#### Officials View Ties With Neighboring Nations

OW2212030891 Beijing XINHUA in English  
0250 GMT 22 Dec 91

**[Article by Zhou Shuchun: "China Enjoys Best Time With Neighbors"]**

**[Text]** Beijing, December 22 (XINHUA)—Along with major improvements and developments in relations with

neighboring countries, China's surrounding environment has entered "the best and most stable period" since the founding of New China in 1949.

As senior diplomat Huang Hua noted in an interview, "Now we have normalized relations with all the neighboring countries and live in harmony with virtually all of them."

In those remarks, the former foreign minister gave due assessment of China's achievements in developing relations with the neighboring nations in recent years.

The satisfying situation has resulted from China's reform and opening to the outside world in the past decade or more as well as from its adherence to the Five Principles of Peaceful Coexistence over the years, according to Huang.

China's foreign policy underwent a major re-adjustment in 1978, in line with the development of the world situation and the needs of domestic construction. So long as China itself is concerned, Deng Xiaoping once said, the country's foreign policy seeks "a peaceful environment for the realization of the four modernizations."

For China, with its 20,000 kilometers of land boundaries and another 20,000 kilometers of coastline, the ringlike areas formed primarily of some 20 surrounding countries constitute an immediate international environment.

Now, as China's modernization drive enters the second decade, a peaceful, tranquil and friendly neighboring environment has taken shape:

In the east—along with the successful exchange of visits by Chinese Communist Party General Secretary Jiang Zemin, Chinese Premier Li Peng and President Kim Il-song of the Democratic People's Republic of Korea (DPRK), China's friendship and cooperation with the DPRK have been consolidated and deepened. Meanwhile, Sino-Japanese relations have entered a mature phase of good-neighborly and friendly relationship, after being completely restored.

In the west—China's traditional friendship with Pakistan, Bangladesh, Nepal and the other countries has gained fresh growth. Earlier this month, Premier Li Peng paid an official goodwill visit to India, the first by a Chinese head of government in 31 years, which sustained and strengthened the development of Sino-Indian relations. As both countries displayed confidence for solving the border issue, the Sino-Indian border will eventually become a tie of friendship between the two peoples.

In the south—China has forged or resumed diplomatic relations with all six ASEAN nations. With the frequent visits to southeast Asia by President Yang Shangkun and Premier Li Peng, China's ties with the ASEAN nations have stepped into a new stage of overall development.

Furthermore, the Beijing summit of Chinese and Vietnamese leaders marked the normalization of Sino-Vietnamese relations. The signing of a border treaty between China and Laos signals an emerging boundary of friendship and peace. The China trip by Myanmar [Burma] leader saw maung has deepened the friendly cooperation between the two bordering countries.

In the north—on the basis of normalized relations, President Yang Shangkun paid a visit to Mongolia, the first by a Chinese head of state in the 42 years after the two countries established diplomatic relations. That helped promote the continuous expansion of bilateral cooperation.

After the Sino-Soviet Beijing Summit in 1989, Premier Li Peng and General Secretary Jiang Zemin visited the Soviet Union one after the other, which served to deepen mutual understanding and foster a good-neighborly relationship. Despite the disintegration of the Soviet Union, China will maintain and develop good-neighborly and friendly relations with the independent republics on the basis of the Five Principles of Peaceful Coexistence. In contrast with the turbulence in Europe, East Asia remains stable with the regional economy full of vitality. As a big nation in the area, China's relations with its neighbors weigh heavily in this regard.

As President Liu Shuqing of the Chinese People's Institute of Foreign Affairs put it, "China's positive involvement in and support for the resolution of regional hot-spot issues have contributed to regional peace and development."

For example, China has played a positive role in the comprehensive political settlement of the Cambodia issue and in relaxing the situation on the Korean peninsula.

Undoubtedly, China's perfecting relations with the neighboring countries will promote an overall development in the country's foreign affairs as a whole, thus promoting the peace, stability and development of the world.

Back in 1984, Deng Xiaoping described the purpose of China's foreign policy as to "win world peace," saying on that prerequisite China would focus on the modernization drive to develop the economy.

China's present good surrounding environment or good relationship with the neighboring countries certainly gives expression to just that policy.

Former Vice Foreign Minister Fu Hao said, "a fine neighboring environment provides the necessary guarantee and condition for the domestic modernization."

In fact, the improvement and development of bilateral relations have sped up the growth of economic and trade ties with the neighboring nations, leading to increasing trade volumes, said an official of the Ministry of Foreign Economic Relations and Trade.

In recent years, China's border trade with the neighboring countries enjoyed rapid growth. Meanwhile, cooperation has expanded in contracted projects, labor service and other economic and technical sectors, the official said, adding that all those factors have directly pushed China's own economic development.

#### Paper Assesses Global Effect of U.S. Recession

HK2212074391 Hong Kong HSIN WAN PAO  
in Chinese 21 Dec 91 p 1

[["New Talk" column: "U.S. Recession Leads to Intensifying Conflicts With Foreign Countries"]]

[Text] Apart from the political turbulence in the Soviet Union, a country on the verge of disintegration, among eye-catching events in the past two days are the rise of a new Australian prime minister; the breaking of the European-U.S. farm product talks; the reopening of Sino-U.S. trade talks; and U.S. President Bush's decision to visit Japan early next year, bringing with him 21 senior executives from business circles, ready to exert pressure on Japan for trade concessions.

To be sure, all these developments can be attributed to one internal factor or another, but nobody can ignore the impact the worldwide economic recession has had on many sectors.

Hong Kong people are quite clear about the economic situation in Australia, because the many Hong Kong immigrants in Australia are constantly in touch with their friends here. Australia's unemployment rate reached 10.5 percent last month, a record high since World War II; the country's GNP registered a negative growth in the third quarter of the year, and the ominous trend is likely to continue for the remainder of the year. That was why former Finance Minister Paul Keating managed to replace Bob Hawke, Australian Labor Party leader and prime minister this time, after his unsuccessful attempt last June.

Over the past year or so, several Western countries have changed their prime ministers. All the changes were related to failure of economic policies—the replacement of the British and French prime ministers were just two precedents. Japanese Prime Minister Kaifu stepped down and was replaced by former Finance Minister Miyazawa at least partly due to economic factors. The pressure Bush is facing at home at the moment is also because of the longstanding economic recession. The president is now working hard to improve the economic situation.

Now that Australia's Paul Keating has beaten Bob Hawke within the Labor Party by five votes, he will have to find a way to reinvigorate the economy by 1992, otherwise he will only be an interim prime minister and will be likely to be ousted from office after the next general election scheduled for the spring of 1993. Since the general election in March last year, public opinion polls have shown that the Labor Party has been lagging

behind the joint front formed by the Australian Liberal Party and the National Party of Australia in terms of popularity. Therefore, the Labor Party will be very likely to be defeated in the next general election if it fails to revitalize the economy.

As for the European-U.S. farm product talks, the hope for resumption rests on future development. The farm product talks are related to the Uruguay trade talks, and many parties do not want to see the Uruguay talks land in a deadlock simply because of the farm product issue. GATT Director General Arthur Dunkel has put forth his own draft agreement and is making his final attempt, urging all the parties to consider his proposal.

The crucial point of the deadlock on the farm product issue lies in subsidizing farm product exports, which is a common practice among most European countries that export farm products. The crux of such a practice is to promote sales of one's own farm products while barring others' imports. The same issue exists between the United States and Japan as well. To make more time for his reelection effort, Bush had originally canceled his Japan trip, but, to pacify grievances at home, he has changed his mind and is going to visit after all. Reports from the United States say that the general election is a major consideration in the president's decision, and therefore his visit primarily aims to open up the Japan market by urging the Japanese to open their market to U.S. products, such as rice, cars, and computers. While trying to please the U.S. business circles, Bush is also going to adopt some protectionist measures against Japanese cars and other imports, with a view to winning more votes from the American workers.

Thus it can be seen that the economic conditions and general elections in the United States, apart from the political concern in Sino-U.S. relations, are the important factors affecting the Sino-U.S. trade talks focusing on the intellectual property rights. Bearing this background in mind, one can hardly be optimistic about the outcome of the talks, as a senior Chinese official already noted earlier that one cannot expect China not to pay tit for tat. China wishes to conclude an agreement through the current round of talks. But if the talks failed and the United States initiated retaliatory sanctions, China would take reciprocal measures—as the Chinese saying goes: It is impolite not to reciprocate.

#### **Mongolian Legislature Urges Ties With Republics**

OW2112132391 Beijing XINHUA in English  
1304 GMT 21 Dec 91

[Text] Ulaanbaatar, December 21 (XINHUA)—The Mongolian Small Hural has urged the government to recognize 11 newly independent countries formerly a part of the Soviet Union and set up diplomatic relations with them, a local newspaper, PEOPLE'S RIGHTS, said here today.

The decision came from a special meeting of the Small Hural held Friday.

The 11 newly-independent countries are Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyz, Moldova, Tajikistan, Turkmenistan, Uzbekistan and Ukraine.

Mongolia recognized Latvia, Estonia and Lithuania and established diplomatic relations with them in October of this year.

#### **Pharmaceutical Project Backed by World Bank Loan**

HK1512065391 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 15 Dec 91 p 1

[By staff reporter: "World Bank Loans Back Medicine Production"]

[Text] Zhengzhou—China's largest pharmaceutical project—backed by a total investment of 1.14 billion yuan (\$212 million), including a \$11.75 million loan from the World Bank—will begin operations next month in the central Henan Province capital.

Ding Runming, director of the Zhongyuan Pharmaceutical Factory, said last week that his plant, which is equipped with technology from Germany, Switzerland, Italy, Denmark and the United States, will generate an annual pre-tax profit of 220 million yuan (\$0.7 million). Its annual foreign exchange earnings through exports should reach \$30 million.

After the factory opens, it will produce annually 5,000 tons of vitamin C, 25,000 tons of glucose, 43,000 tons of starch, 59,000 tons of feed and corn oil, and process 150,000 tons of corn as well.

Test operations have already started for the starch and glucose workshops and construction on the vitamin C workshop should be finished soon, Ding said.

In addition, the plant has purchased 1,500 tons of corn and prepared 68 other raw materials for launching the operation, Ding said.

Five foreign companies have signed agreements with Ding's business for vitamin C and other products.

"They want more Vitamin C than we can produce a year," he said.

Ding said the factory aims to become the world's largest vitamin C producer, attaining an annual capacity of 15,000 tons of vitamin C products in several years.

#### **International Medical Exchanges More Frequent**

OW1412142091 Beijing XINHUA in English  
1302 GMT 14 Dec 91

[Text] Beijing, December 14 (XINHUA)—Beijing has received over 1,000 overseas medical specialists and sent 296 medical delegations abroad for international exchanges this year.

Among those coming to Beijing were government health officials and scholars as well as investors from 37 countries and regions.

Besides, 27 hospitals in the Chinese capital have imported personnel, technology and overseas funds.

For example, the Jishuitan Hospital, specializing in orthopedics, introduced an advanced joint-remedy technique. The Anzhen Hospital, specializing in cardiovascular diseases, bought foreign laser technology for treating heart diseases.

Over the past few years Beijing has conducted medical exchanges with over 50 countries and regions, mostly with Japan, North America and Europe.

The municipality has learned a lot from Japan about the prevention and treatment of aids and glandular tuberculosis.

Meanwhile, many countries have shown interest in Chinese medical technology. Some countries have established traditional Chinese medical centers and imported traditional Chinese medicine. Many medical experts have been invited to give lectures overseas.

### United States & Canada

#### Official Hopes For Success in U.S. Trade Talks

HK2112053391 Hong Kong TA KUNG PAO  
in Chinese 21 Dec 91 p 1

[“Dispatch” by staff reporter Chen Pei-sheng (7115 1014 4563); “Foreign Ministry Official on Sino-U.S. Trade Talks”]

[Text] Beijing, 20 Dec (TA KUNG PAO)—Sino-U.S. relations have not been normalized, a senior official from the Chinese Ministry of Foreign Affairs said today. He added that it is not up to the Chinese side to determine whether all the issues can be solved through the upcoming round of Sino-U.S. trade talks scheduled for this weekend. He noted that the Chinese side is hoping that the talks result in an agreement but, if they fail and the United States initiates retaliatory sanctions against China, China would take some corresponding measures.

The official said: The natural outcome of U.S. sanctions against China would be a decrease in bilateral trade, and this will not be good for either side. How China reacts to the sanctions will depend on the actual circumstances.

The official said: China and the United States have held several rounds of talks on the intellectual property rights issue. As far as this concerned, the Chinese side has already adopted a few new measures, making compromises and concessions. If the U.S. side keeps demanding more and more concessions, however, the issue cannot be settled easily. The Chinese side, which really does not want to see the upcoming round of talks end fruitlessly, will do its utmost to make the talks a success.

#### Columnist Comments on Talks

HK2312044491 Hong Kong TA KUNG PAO in Chinese  
23 Dec 91 p 2

[“Political Talk” column by Shih Chun-yu (2457 0689 3768); “Sino-U.S. Trade Talks Still Yield No Results”]

[Text]

#### No Results in Talks To Be Expected

Sino-U.S. trade talks on intellectual property rights were held in Beijing for two more days, but still yielded no results. This development is, as it were, to be expected, because the delegation, led by U.S. Assistant Trade Representative Joseph Massey, obviously wanted to force the Chinese side to make concessions. Prior to the talks, the U.S. side had exerted further pressure on the Chinese side, openly announcing that 16 January was the “final deadline” and stating that, should there be no agreement, tariffs on some Chinese commodities would be raised substantially. This U.S. attitude did not help the effort to come to an agreement. It was therefore difficult to achieve any results in this round of talks in Beijing.

There have so far been five rounds of Sino-U.S. talks on the issue of intellectual property rights, and both sides have now agreed to continue talks at the beginning of next month. As the U.S. side has fixed a “final deadline,” there is not much time left, and it is believed that the sixth round of talks will be the last. At this time, we can look back on the attitudes both sides have adopted in the talks and discuss why they have been beset with difficulties.

Starting with the first round of the talks, proceeding from the overall situation in upholding Sino-U.S. relations and proceeding from the safeguarding of Sino-U.S. commercial circles’ free trade rights and interests, the Chinese Government has actively tried to eliminate the differences between the two sides on the issue of intellectual property rights and has made a series of concessions. The Chinese Government expressed its hope of carrying out equal, pragmatic, and serious talks in its public statements time and again and did its best to reach agreement to the satisfaction of both sides.

#### China Makes Laws To Protect Intellectual Property Rights

Trade between China and the United States is at a stage of development, and it conforms to the interests of the two countries to gradually establish and perfect a normal operative mechanism and to allow commercial circles on both sides to do business in an environment where taxes are as low as possible. Hong Kong has all along followed the talks with interest because, if the U.S. side carries out the so-called “retaliative” measures to increase tariffs, it will hurt Hong Kong’s economy.

As China’s opening wide to the outside world and strengthening trade and exchanges with the United States have been going on in the last 10 years and more, it is natural that its law and system fail to meet the needs

of new developments and that they can completely improve. In recent years, China has successively promulgated and enforced computer software protection regulations and enterprise name registration and management regulations and meanwhile carried out revision and supplementation of the trademark law and patent law. In addition, it has local regulations on the protection of intellectual property rights. China's Patent Bureau and Trademark Bureau have issued some 80,000 letters patent and several hundred thousand trademarks, and the courts have accepted and heard many cases of violation of copyright or patent. The Chinese intellectual property rights system is being perfected. This is an undeniable fact. During the period of talks, the Chinese side gave new guarantees, and this showed its sincerity in solving the problems.

#### The U.S. Political Attitude Hinders Talks

If any American company thinks that its intellectual property rights have been infringed upon in China, it can institute legal proceedings, demand that the infringement be stopped, and claim damages according to law, and this is a prevalent international convention. Hong Kong businessmen and foreign businessmen have succeeded in litigation in China. It is unfair, and will not help, but will harm the interests of other parties in commercial circles and American consumers if, because losses were incurred in certain intellectual property rights, customs duty is increased on some fundamentally irrelevant commodities exported from China to the United States.

Conversely, the U.S. side's attitude at the talks was all along that it stated conditions and refused to make compromises. After the Chinese side made a concession, the U.S. side made a higher demand. It was, therefore, difficult to reach agreement. The U.S. side openly hurled many criticisms at the Chinese side outside the venue of the talks. As the U.S. Congress considers abolishing China's most-favored-nation status for political reasons, the U.S. Government wants to compel China to make concessions at the "301 bill" talks. This method of damaging foreign trade for internal political reasons is very shortsighted. It is extremely childish that the U.S. side thinks that China's course of reform will be affected if it is prepared to increase the customs duty on commodities produced by China's state-owned enterprises, such as beer.

#### Soviet Union

##### Government To Coexist With Russia, Republics

HK2112080391 Hong Kong TA KUNG PAO in Chinese  
21 Dec 91 p 1

[("Special dispatch" by staff reporter Chen Pei-sheng (7115 1014 4563): "China To Recognize Various Independent Soviet States"]

[Text] Beijing, 20 Dec (TA KUNG PAO)—Once the situation in the Soviet Union becomes clear, it will be not difficult for China to recognize the various Soviet states and establish diplomatic ties with them on the basis of the Five Principles of Peaceful Coexistence, a senior official from the Chinese Ministry of Foreign Affairs said today on an unofficial occasion. The official also said that the Chinese Government has already invited the Russian foreign minister to visit China.

Referring to the inheritance of the UN Security Council seat left by the Soviet Union after its disintegration, the senior official said: China's stand is based on two considerations—on the one hand, China will wait to see whether the various Soviet states will reach a consensus on the issue through consultations, and, on the other, UN members for their part must think about the possible impact of the inheritance of the Soviet Union's seat at the Council. China has to further observe and study the development situation before making a judgment, because for the moment the different Soviet states' opinions vary on which state is to replace the Soviet Union at the UN Security Council, and the situation is still not clear.

The official noted China has adhered to the Five Principles of Peaceful Coexistence in developing its relations with the Soviet Union in the past. Now that the Soviet Union is splitting up into several republics, China's future relations with these states will continue to be based on the same Five Principles of Peaceful Coexistence. Both the joint communiques issued at the end of Gorbachev's China trip in 1989 and Jiang Zemin's visit to the Soviet Union earlier this year have clearly provided that Sino-Soviet relations shall be based on the Five Principles of Peaceful Coexistence. These principles elaborated in the two communiques should also serve as the basis of the friendly relations to be established and developed between China and all the Soviet states.

Asked about the Chinese Government's appraisal of Russian President Yeltsin, the senior official said: One should rather turn to the Russian people and the people of other Soviet republics for comments on the president. China's basic attitude is to refrain from commenting on the Soviet Union's internal affairs. Asked whether China will have any dealings with Yeltsin, he said that will not be a problem, because Yeltsin is the president of Russia, and, as far as country-to-country relations are concerned, China's having dealings with the president of a foreign country is a kind of relations between countries.

Talking about the influence of the Soviet situation on Sino-Soviet border talks, the official said: In the past, the Soviet delegation to the Sino-Soviet border talks used to be jointly formed by the Foreign Ministry and the military. During the most recent round of talks in November and early December, representatives of the Soviet republics concerned joined the Soviet delegation. But, as the central government of the Soviet Union no longer exists now, China is waiting to see who is going to represent the Soviet side in the next round. The official

noted that China is concerned about the disposal of the nuclear weapons currently kept by different Soviet republics, and has taken notice of the ongoing consultations between the different Soviet states to seek centralized control of the nuclear weapons. We hope they will be able to work out an appropriate arrangement, he said.

### **Beijing Signs Trade Agreement With Kazakhstan**

*OW2212130191 Beijing XINHUA in English  
1238 GMT 22 Dec 91*

[Text] Beijing, December 22 (XINHUA)—An economic and trade agreement between the governments of the People's Republic of China and the Republic of Kazakhstan was signed here today.

Li Lanqing, Chinese minister of foreign economic relations and trade, and S.Zh. Abishev, Kazakh minister of foreign economic relations, signed the agreement on behalf of their respective governments.

Earlier, Li and Abishev held talks on furthering direct bilateral economic and trade relations in a friendly and cooperative atmosphere.

The delegation, led by Abishev, arrived here Saturday and is scheduled to leave for home via Urumqi tomorrow.

### **Yang Shangkun Appoints Ambassadors to Baltics**

*OW2112083891 Beijing XINHUA in English  
0830 GMT 21 Dec 91*

[Text] Beijing, December 21 (XINHUA)—In line with a decision by the Standing Committee of the National People's Congress, Chinese President Yang Shangkun appointed Qiao Zonghuai concurrently ambassador extraordinary and plenipotentiary to Estonia, Tang Longbin concurrently ambassador extraordinary and plenipotentiary to Latvia, and Pei Yuanying, concurrently ambassador extraordinary and plenipotentiary to Lithuania.

### **Article Says CPC Leaders 'Dislike' Yeltsin**

*HK2112082391 Hong Kong MING PAO in Chinese  
21 Dec 91 p 48*

[“Special Article” by Lan Tien (5663 1131): “CPC’s Low-Key Handling of USSR Disintegration”]

[Text] The CPC has drawn a lesson from its too quick response to the abortive Soviet coup in August and is being rather cool in observation and meticulous in expression on its stance toward the recent dramatic changes in the USSR.

Since Russia, Belarus, and Ukraine signed an agreement on forming a commonwealth of independent states and Gorbachev announced that the USSR would be disbanded on New Year's Eve, the CPC has not issued a single document on the events, whereas the media only gave it low-key coverage, allotting only a few words in

some inconspicuous corner. The CPC has continued to follow Deng Xiaoping's “set policy,” to cope with shifting events by sticking to a fundamental policy regarding its stance toward the USSR.

Despite the fact that Premier Li Peng said that China would maintain friendly relations with all independent republics in the USSR, the CPC leadership shows a strong dislike for Yeltsin. Rumor has it that Yeltsin had suggested visiting China to meet with Jiang Zemin, but Jiang turned him down. There is no way to verify this report, but it has somewhat explained the CPC's attitude toward Yeltsin.

The CPC dealt with the emergency of the Soviet Union's disintegration in two ways. On the one hand, the CPC accelerated the stabilization of the domestic situation in propagating the successes of its line of reform to firm people's determination to take “the socialist road with Chinese characteristics”; while on the other hand it tried to create the image of “reform and opening up” to the outside world in the hope of reducing the political and economic pressure from the West headed by the United States against the last bulwark of socialism. China no longer regards itself as a socialist “younger brother.”

In the wake of the abortive Soviet coup in August, the CPC became very concerned, worrying that it too was sitting on a volcano like that which had exploded in the USSR. Consequently, it did all it could to create a momentum of anti-peaceful evolution. With the changes in the Soviet situation, the campaign against peaceful evolution has changed to relaxing on the outside but tightening on the inside.

As a resourceful person has revealed, the anti-peaceful evolution campaign is targeting subjects in primarily two categories. One category includes senior cadres at and above provincial levels. The CPC Organization Department has explicitly stipulated that leadership must be securely grasped in the hands of firm Marxist-Leninists. In selecting and promoting cadres, “political integrity” must be the major criterion. The other category includes all young students. Recently, all institutes of tertiary education have opened a course called “Education in Anti-Peaceful Evolution Situation.” At the same time, students from various classes have been sent down to rural areas in stages and batches to help implement “socialist education” and deepen their understanding of “the national condition.”

On the economic front, attention has been paid to “weeding” the “soil” that breeds peaceful evolution. The CPC is formulating policy to confine private ownership within the scope of “socialist law,” while it is also doing all it can to support the large and medium state-run enterprises and the rural collective economy in order to cement public ownership.

Presently, Mainland China's man in the street seldom discusses the peaceful evolution in the USSR openly, some people gloat over the misfortune there, and others

are pessimistic and disappointed—clearly none can sort out the complex reactions in their minds.

### **Eleven Republics Agree To Form Commonwealth**

*OW2112141691 Beijing XINHUA in English  
1410 GMT 21 Dec 91*

[Text] Moscow, December 21 (XINHUA)—Eight republics today signed an accord to join the Commonwealth of Independent States that will replace the Soviet Union.

Up to now 11 of the 12 former Soviet republics have agreed to form the commonwealth set up by Russia, Ukraine and Belarus, on December 8.

The commonwealth will now include Kazakhstan, Moldova, Armenia, Azerbaijan and the four Central Asian Republics Uzbekistan, Tajikistan, Kyrgyzstan and Turkmenistan.

Georgia is the only former Soviet republic that did not join the commonwealth, but it sent observers to the meeting.

The document, called the "Alma-Ata Declaration," recognizes the independence of the 11 former republics and their current borders.

The leaders also signed a protocol that recognizes the 11 republics entering on an "equal basis" as co-founders of the commonwealth.

Meanwhile, the presidents of the 11 republics agreed to name Soviet Defense Minister Yevgeny Shaposhnikov interim head of a unified military command that would control all nuclear and conventional forces.

### **Former Soviet Republic Presidents Meet 21 Dec**

*OW2112094391 Beijing XINHUA in English  
0926 GMT 21 Dec 91*

[Text] Moscow, December 21 (XINHUA)—The presidents of 11 former Soviet republics today started their talks in the Kazakhstan capital of Alma-Ata on the creation of an expanded Commonwealth of Independent States.

TASS reported that the 11 presidents are discussing an agreement on the new commonwealth.

A single military "strategic security system" will be one of the central issues on the agenda, TASS said.

Soviet Defense Minister Yevgeny Shaposhnikov also attended the meeting planned to last for two days.

### **Russia Seeking Solution to Afghan Problem**

*OW2212102791 Beijing XINHUA in English  
0909 GMT 22 Dec 91*

[Text] Islamabad, December 22 (XINHUA)—Vice-President of the Russian Federation Aleksandr

Rutskoy said here today Russia intends to facilitate a peaceful political settlement in Afghanistan.

Addressing a press conference before his departure for Kabul at the end of a 4-day visit to Pakistan, Rutskoy said the Afghanistan issue should be solved based on the five-point peace plan initiated by the U.N. secretary general in May this year.

He said Russia and Pakistan agreed to cooperate with each other for the promotion of the objective.

Rutskoy, who came after a visit to Iran, said he had meetings with the presidents of Iran and Pakistan and both the countries were committed to a speedy political settlement of the problem, calling for concrete actions to be taken to this end.

He stated that the Islamic transitional government as agreed upon between Mujahidin leaders and Soviet leaders during their Moscow talks in November should be established in Afghanistan and later elections and referendum could be held for a permanent government there.

The Russian leader, who had also had talks with Afghan Mujahidin leaders in Islamabad, said the Afghan people should be left to decide themselves their own future through an inter-Afghan dialogue.

Rutskoy pressed his demand for the release of all prisoners of war (POWs) held by Mujahidin groups whose leaders promised to Rutskoy during their talks to release one Soviet POW as a gesture of goodwill. But the POW who was supposed to be brought to the press conference for release could not turn up, which annoyed Rutskoy.

Asked when the Soviets will stop aid to the Kabul regime, Rutskoy said all the military weaponry supplies had stopped since December 15 and only foodstuff and fuel are supplied to ease the problems the Kabul regime is facing.

To a question regarding the inclusion of Najibullah in the proposed interim Islamic government in Afghanistan, the Russian leader said this was a complete internal affair of Afghanistan the Afghan people will decide. "I believe no body will interfere," he added.

The Russian vice-president emphasized the importance of the solution of the Afghanistan issue to the development and expansion of cooperation between Pakistan and the Soviet Central Asian states.

### **Russia Takes Over Soviet Diplomatic Missions**

*OW2212040691 Beijing XINHUA in English  
0300 GMT 22 Dec 91*

[Text] Moscow, December 21 (XINHUA)—Russian President Boris Yeltsin announced today he had signed decrees turning over all properties owned by Soviet foreign establishments to his Russian Federation.

Yeltsin's declaration came at a joint press conference held by the presidents of 11 former Soviet republics who were in Alma-Ata to sign an agreement on the establishment of a Commonwealth of Independent States.

Yeltsin told the news conference the Soviet Embassies in all foreign countries now represented the Russian Federation.

He said the 11 leaders had decided to set up a committee which would evaluate all property belonging to embassies, consulates and trade representative offices.

Should any member-state of the Commonwealth establish diplomatic relations with a foreign country, Russia would turn over a portion of embassy property to that member, Yeltsin said.

Yeltsin also confirmed Russia had previously decided to close 20 out of the Soviet Union's 133 embassies in foreign countries.

#### Russia To Control Soviet UN, UNSC Seats

OW2212051091 Beijing XINHUA in English  
0345 GMT 22 Dec 91

[Text] Moscow, December 21 (XINHUA)—Member-states of the newly-founded Commonwealth support Russia in taking over the USSR membership in the United Nations and the permanent membership in the Security Council and other international organisations, TASS reported today.

This is included in the resolution of the council of the heads of state of the Commonwealth of Independent States, which was declared today at Alma Ata meeting.

Under the resolution, Belarus and Ukraine continue to be U.N. members as sovereign independent states.

Belarus, Russia and Ukraine will help other member-states of the Commonwealth settle problems connected with their full membership in the U.N. and other international organisations.

#### Southeast Asia & Pacific

##### Customs Group Discusses Drug Control in Burma

OW2112101091 Beijing XINHUA in English  
0939 GMT 21 Dec 91

[Text] Yangon [Rangoon], December 21 (XINHUA)—A six-member delegation of China's Customs Department is visiting Myanmar [Burma] at the invitation of the Customs Department under the Myanmar Ministry of Planning and Finance.

The delegation led by Qian Guanlin, deputy director-general of the Customs Department, arrived here on Wednesday to discuss the anti-narcotic cooperation with the concerned Myanmar departments.

On Friday, the delegation had a discussion with Brig-Gen Maung Toe, deputy director-general of the police force and secretary of the Central Committee for Drug Abuse Control (CCDAC) of Myanmar and other officials of the CCDAC.

The delegation will exchange information and experience on the anti-drug activities with officials of the Myanmar Customs Department before leaving the country on December 25.

#### XINHUA Cites Protest, Violence in Phnom Penh

##### 'Turmoil' Delays SNC Meeting

OW2212121491 Beijing XINHUA in English  
1152 GMT 22 Dec 91

[Text] Phnom Penh, December 22 (XINHUA)—Samdech Norodom Sihanouk, president of the Supreme National Council of Cambodia (SNC), Saturday appealed to representatives of the five permanent members of the U.N. Security Council to the SNC to help maintain social order in Phnom Penh. [sentence as received]

Sihanouk also made the appeal to other diplomatic envoys in Phnom Penh for the implementation of the Paris peace agreements on Cambodia concluded last October.

Over the past few days, the capital city witnessed mass protests and demonstrations against the Phnom Penh authorities, which culminated in police shooting that killed two people on Saturday.

The SNC meeting scheduled for December 21 had to be put off due to the turbulent situation in the capital. Khieu Samphan and Son Sen, SNC members from the Democratic Kampuchean side have therefore postponed their arrival here for the meeting.

On Saturday, more than 10,000 citizens including students gathered in front of the traffic police station for a large-scale demonstration in protest against selling factories and lands to foreigners and laying off workers by the Phnom Penh authorities and their corruption.

Over 100 riot and armed policemen were called out to the spot, trying to disperse the demonstrators. But even their warning shots proved futile as more and more joined the protesters.

The police opened fire at the protesters late in the night. The clash continued till small hours the following day, leaving at least two people killed and several others wounded.

Hun Sen, SNC member of the Phnom Penh side, in a televised speech issued after the incident termed the demonstrations as illegal.

One demonstrator said, "Phnom Penh would continue to be in turmoil if the authorities do not take back the

sold factories and lands, and if means of subsistence of dismissed workers is not guaranteed."

In the past few months, the Phnom Penh authorities have sold out a large number of factories, lands and forests. In November alone the Cambodian Foreign Investment Committee had one storehouse and 12 factories sold, and 22 more factories leased to foreign businessmen.

Vast stretches of forests in Stung Treng and Koh Kong Provinces have been sold to foreigners. Meanwhile lots of open places and villas in Phnom Penh have also been purchased by foreign businessmen.

### Sihanouk Urges Restoral of Order

*OW2212121691 Beijing XINHUA in English  
1203 GMT 22 Dec 91*

[Text] Bangkok, December 22 (XINHUA)—Chairman of the Supreme National Council of Cambodia Samdech Norodom Sihanouk today urged peace and order to be restored in Phnom Penh.

In a declaration issued in Phnom Penh, Sihanouk said the situation there has "tragically worsened" in the last two days and there are "violent confrontations leading to fatalities."

Reports reaching here today from Phnom Penh said that military and police forces of the Phnom Penh regime opened fire Saturday on protesters who were demonstrating against the corruption of government officials. One student was killed and several others were wounded during the confrontations.

In the declaration, which was also distributed by Sihanouk's representative office here today, Sihanouk urged the Phnom Penh authorities to restore order in the capital by using only peaceful and gentle methods of persuasion.

He also called on the two opposing sides to accept a peaceful settlement of their differences by agreeing to immediately renounce all violence.

### Australia To Provide Flood Damage Assistance

*OW2312110891 Beijing XINHUA in English  
0922 GMT 23 Dec 91*

[Text] Canberra, December 23 (XINHUA)—Australia will provide assistance to China for rehabilitation efforts in flood affected areas, minister for trade and overseas development, Neal Blewett, announced today.

Torrential rains between May and August this year throughout large areas of China resulted in catastrophic floods.

There is an urgent need for improved sanitation and water supplies, Blewett said.

Following an international appeal from China for assistance with rehabilitation work, the Australian Government has approved funds worth 199,200 U.S. dollars to support a water and sanitation project in the Yangtze river area.

The project will be developed and implemented by Care Australia, in cooperation with Chinese counterpart organizations, and about 35,000 families are expected to benefit from the project, according to the minister.

The project aims to rehabilitate village household water supplies and improve village and household sanitation practices through community health education, he added.

### 'Year-Ender' on Asian Investment in New Zealand

*OW2012081191 Beijing XINHUA in English  
0705 GMT 20 Dec 91*

[“Year-Ender” by Yang Guojun: “New Zealand Keen To Attract Foreign Investment”]

[Text] Wellington, December 20 (XINHUA)—Purchases of New Zealand properties by overseas, especially Asian, investors have time and again grabbed the headlines of local newspapers this year.

Transactions concluded by investors from Singapore, Hong Kong, China and China's Taiwan in some cases are worth dozens of millions dollars.

In the first half of the year, almost 1.5 billion N.Z. [New Zealand] dollars (870 million U.S. dollars) were invested by Singapore alone in New Zealand interests, mainly buying properties. That was roughly equal to the total level of new investment in the country from all countries over the whole of last year.

However, the Asian buyers' bargains in New Zealand's depressed commercial property market, which accounted for a considerable proportion of all overseas investment in the country, has not been the key economic sector to which the government has been keen to attract foreign investment, though it is still encouraged.

In launching recently the government's new strategy to lure overseas investment, Prime Minister Jim Bolger hoped the investment could help sustain economic growth and generate jobs. It is also hoped that the investment comes along with new technology and business skills.

To achieve this goal, it is estimated that at least 10 billion N.Z. dollars (5.8 billion U.S. dollars) would be needed annually to maintain the development effort of the nation at its current level.

Ever since its being elected last year, the government has been attaching great importance to attracting more foreign capital. "Foreign investment can lead to strengthened world trading links, greater product innovation,

and better access to technology, ideas and capital," said Finance Minister Ruth Richardson in presenting the country's 1991-92 budget.

Indeed, New Zealand has relied heavily on foreign investment, principally from Britain, to develop the economy ever since 1840. It was all the more the case in the past half a century. Since the 1960s, income from foreign investments in this country has remained stable, fluctuating around one or two percent of gross domestic product.

Unofficial statistics showed overseas investment in New Zealand on the whole has been on the upward trend in recent years but undergone an up-and-down process. Foreigners invested more than 1,543 million N.Z. dollars (926 million U.S. dollars) last year, a big part of which was in the financial market through holding government bonds.

During the 1980s there have been big changes at sectors in industry and firm levels in terms of overseas investment. The investment in the service industry, particularly business services and finance, has increased. There has also been increased investment in transport and telecommunications, with the most notable example being the sale of the telecom to two American telephone giants last year.

Forestry has been one of the key industrial sectors calling for more overseas capital, as well as business, transport, telecommunications, financial market and some manufacturing industries.

Nevertheless, there had been little interest in the manufacturing and marketing areas of the primary sector, and some industries had even suffered a withdrawal of foreign investment, signaling foreign companies would not stay for long haul in unprofitable businesses. The meat industry, for example, has reverted substantially to New Zealand control.

The one area of foreign investment where there are clear problems is the purchase of land. At the moment, many land purchases need consent from the ministry of lands, the overseas investment commission and the office of crown lands.

Keen as the New Zealand government is to lure foreign investment, whether it can get more overseas capital depends on the general economic climate and the performance of New Zealand's companies against the performance of overseas companies and economies.

### Near East & South Asia

**Foreign Ministry Spokesman Hails SAARC Summit**  
*OW2112080491 Beijing XINHUA in English*  
*0751 GMT 21 Dec 91*

[Text] Beijing, December 21 (XINHUA)—A Chinese Foreign Ministry Spokesman today extended warm congratulations on the opening of the Sixth Summit of the South Asian Association for Regional Cooperation (SAARC).

The spokesman expressed appreciation for SAARC's efforts since its founding to promote cooperation among the South Asian countries and to safeguard regional peace and stability.

China hopes that all of the South Asian countries will live in harmony on the basis of the five principles of peaceful coexistence and enhance their cooperation to attain common development, he said.

"We wish the summit a success," the spokesman added.

**President Yang Shangkun Bids Farewell to 'Arafat**  
*OW2112065691 Beijing XINHUA in English*  
*0637 GMT 21 Dec 91*

[Text] Beijing, December 21 (XINHUA)—Yasir 'Arafat, president of the state of Palestine, left here today by special plane at the end of an official visit to China.

Prior to 'Arafat's departure, Chinese President Yang Shangkun bade Yasir 'Arafat farewell at the Diaoyutai State Guesthouse.

'Arafat expressed the hope that the State of Palestine and China will cooperate with each other and enhance their cooperation with the people in the Middle East and the Arab people.

Yang agreed with 'Arafat and invited him to visit China often.

Yang presented 'Arafat with a photo album recording his current China visit.

'Arafat wrote in the album "long live the eternal friendship between China and the state of Palestine. Let's advance together towards victory."

"Let's work for our common victory," Yang said.

**Commentary Praises 'Arafat's Peace Efforts**  
*HK2112130691 Beijing RENMIN RIBAO*  
*OVERSEAS EDITION in Chinese 20 Dec 91 p 6*

[Commentary by Zhong Dongchu (0112 0392 2806): "For Just, Lasting Peace"]

[Text] Palestinian state president Yasir 'Arafat formally visited China on 19 December on invitation, his second visit to China since he assumed the presidency in 1989. The Chinese people welcomed his visit.

Since the 1950's, 'Arafat has devoted himself to the Palestinian cause and has conducted a prolonged and difficult struggle for the restoration of the Palestinian peoples' legitimate national rights and the establishment of an independent Palestinian state, thereby enjoying the support of the Palestinian people and the respect of all justice- and peace-loving people.

Since the United Nations adopted Resolution 181 for "separate administration" in 1948, four large-scale wars

have broken out between Israel and the Arab countries. Israel has occupied parts of Arab countries and has deprived the Palestinians of their legitimate national rights. Under the leadership of the PLO over the past 43 years, the Palestinian people have made continuous efforts to settle the Palestinian issue and to find a just and lasting peace for the entire Middle East.

Since the 1970's, Palestinian leaders, headed by 'Arafat, have devoted their efforts to a political settlement of the Palestinian issue. During a speech at the UN General Assembly in 1974, 'Arafat explicitly announced that the PLO would not give up its efforts for a political settlement of the Palestinian issue. While addressing the European Parliament in Strasbourg on 13 September 1988, 'Arafat announced that the PLO accepted all previous UN resolutions on the Palestinian issue. On 15 November in the same year, the 19th Session of the PLO National Committee announced the establishment of the State of Palestine, adopted a "declaration of independence" and a "political statement," and laid down the PLO's peace strategy. After holding talks with a Jewish-American delegation in Sweden on 7 December, 'Arafat and the delegation issued a joint statement clarifying that the PLO acknowledged the existence of Israel as a state in the Middle East and that it rejected and condemned all kinds of terrorism. At a UN General Assembly session on 13 December, 'Arafat once again explained the PLO's position on the Palestinian issue.

In September this year, the PLO Executive Committee made a major decision on attending the Middle East peace conference. On 30 October, a Palestinian delegation from the occupied territory formed a joint delegation with a Jordanian delegation and attended the first phase of the Middle East peace conference in Madrid. This was the first time that a Palestinian delegation held face-to-face talks with an Israeli delegation. On 10 December, all the sides involved in the Middle East issue, including the Palestinian delegation, started the second phase of the Middle East peace conference in Washington. Both before and during the peace conference, the PLO took a positive and pragmatic stand to tell the world about the Palestinian people's sincere desire for peace, thus earning the appreciation of the international community.

The Chinese people have always supported the just cause of the Palestinian people and been active in bringing about a comprehensive, fair, and rational solution to the Middle East issue with the Palestinian problem as the core. We sincerely hope for an early restoration of the Palestinians' legitimate national rights and the return of the occupied Arab lands. In the meantime, Israel's security should be protected along with its right of existence.

#### 'Year-Ender' Sees Mideast Moving Toward Peace

OW2112015191 Beijing XINHUA in English  
1858 GMT 20 Dec 91

[("Year-Ender" by Gao Qiufu and Li Zhurun: "Middle East Moving in Direction of Detente, Peace")]

[Text] Cairo, December 20 (XINHUA)—The year 1991 has witnessed dramatic changes in the Middle East situation, beginning with a swift, relentless war but ending with the Israelis and Arabs, once irreconcilable enemies, sitting down together to negotiate peace.

A longtime hotbed of tension and confrontation, the Middle East is inching toward detente and peace in the wake of the Gulf war that ended in an overwhelming victory for the United States and a crushing defeat for Iraq.

Taking advantage of its enhanced influence in the region, the Bush administration seized "the window of opportunity" to bring the concerned parties in the Arab-Israeli conflict to the negotiation table.

The peace talks started in late October in Madrid and continued in Washington in the past week. Although little progress has been made so far, the peace talks marked the beginning of an effort to embark on a political solution to the 43-year-old conflict and are thus an event of exceptional significance.

There have been other developments in the region this year that are gratifying.

Lebanon managed to end a 16-year civil war and started rehabilitation under a sovereign government.

About 10 Western hostages regained their freedom thanks to mediation by U.N. chief Javier Perez de Cuellar. The hostage issue perplexing the world for eight long years seems now close to a final resolution.

Cyprus remains divided, but the U.N. effort to help reunify the island country has continued unabated and a fresh round of mediation is expected early next year.

A cease-fire was achieved in September between west Sahara and Morocco, prompting hope for reconciliation.

All this shows that political means have been or are being resorted to in settling problems in the Middle East.

Still, the "after-shocks of the Gulf war" are being felt.

The various political forces, some boosted and some weakened as a result of the war, are experiencing a period of reorganization. Forces of moderation have gained the upper hand in the Arab world, but what merits equal attention is the fact that in some Arab countries, fundamentalism has been on the rise.

The Arab world, split as a result of the Gulf crisis, is yet to close its ranks. Iraq, once a major Arab power, has collapsed. Those seen as pro-Iraqi during the Gulf crisis—the PLO, Jordan, Yemen, etc.—are struggling to extricate themselves from their political and economic difficulties.

On the other hand, Egypt, which led the Arab opposition to Iraq's invasion of Kuwait, has been trying to play a still greater role in Arab and Middle East affairs. Syria, also a participant in the U.S.-led multinational force to

liberate Kuwait, has been readjusting its foreign policies. So has Iran, a non-Arab Middle East country which pursued a policy of neutrality during the crisis.

The rise of the United States as the leading factor in Middle East affairs, accompanied by the retreat of the Soviet Union, constitutes another salient feature in the post-Gulf War situation in the region.

Since the Gulf war ended in late February, the United States has tried hard to legitimize and prolong its military presence in the region. At the same time, it has consolidated its relations with some Arab countries either through debt forgiveness or restoring aid suspended during the Gulf crisis.

Some changes have occurred in the relations between the United States and Israel. A strategic partner as it remains, Israel is now less important to the United States, which has come to realize that it will serve its own interests better to be more even-handed in dealing with Israel and the Arabs.

While feeling satisfied with its bid to consolidate and expand its strategic interests in the region by making the best use of the golden opportunity offered by the Gulf crisis, the United States certainly is not free from anxieties.

The European Community, which accounts for over 70 percent of the region's imports and exports, cannot be expected to remain content with U.S. hegemonic practices in the region.

Added to this is growing anti-American sentiments in the Arab world and arms race that has continued in the Middle East despite repeated international calls for arms reduction.

The Middle East is beset with all sorts of contradictions, political, economic, military, racial and religious. They are so intricate and interwoven that the solution of any may possibly upset the balance of forces, thus giving rise to new contradictions.

The general trend of detente is growing today, but factors of instability and tension that still exist in the region merit serious attention.

**'Roundup' Views Improvements in Egyptian Economy**  
*OW2012003191 Beijing XINHUA in English*  
*2134 GMT 19 Dec 91*

[“Round Up” (by Jiang Yaping): “Egyptian Economy Turns for Better”]

[Text] Cairo, December 19 (XINHUA)—The past year has witnessed the sluggish Egyptian economy starting to turn for the better, backed by the relief of half of its foreign debts, the signing of an agreement with the IMF and the continuation of its economic reform.

Minister of Economy and Foreign Trade Yusri Mustafa has said the Egyptian economy is “heading in the right direction” although there are still lots of difficulties ahead.

These difficulties include inflation, unemployment and inefficient public industrial sectors. Official statistics show unemployment rose from 8.1 percent of the adult labor force in December 1989 to about 10 percent now, although the International Labor Organization put the figure at 15 percent. Inflation is still high although it dropped to 17 percent this year from 22 percent last year.

Following years of stagnation, the gross national product is expected to rise by 4 percent next year, up from an expected 3.5 percent this year, according to Mustafa.

During and after the seven-month Gulf crisis which ended in late February, Western countries and the Gulf Cooperation Council states wrote off a total of 21.7 billion dollars of Egypt's debts as a reward to its leading role in the Arab world in opposing the Iraqi invasion of Kuwait. This accounted for nearly half of Egypt's 45-billion-dollar foreign debts.

In May, Egypt achieved another major progress to save its economy by signing a 372-million-dollar standby agreement with the International Monetary Fund (IMF), allowing it access to European creditors for rescheduling the remaining debt and the industrialized world as a whole for new loans.

Moreover, under the pressure from both the IMF and domestic demand, the government has been working harder to push the economic reform by raising taxes, cutting subsidies on consumer goods and allowing interest and exchange rates to fluctuate according to market rules.

“These reforms have often been painful but we expect them to help make the investment climate better next year,” the economy minister said. He described the current stable exchange rates between the Egyptian pound and foreign currencies, the U.S. dollar in particular, as the most important economic achievement in the country over the recent years.

With the situation in the region returning to normal after the Gulf war, tourism revenues, the Suez Canal tolls and remittances from Egyptians working abroad, the three main foreign exchange earners have all started to improve.

Tourism has returned to normal. The number of tourists reached 1.46 million during the first nine months of the year, not counting visitors from Libya, Minister of Tourism Fu'ad Sultan said.

The number of foreign tourists exceeded 2 million in 1989-90 fiscal year, bringing to Egypt 2.5 billion dollars. More tourists and greater income are expected next year, said the official.

The Suez Canal tolls, meanwhile, reached a record 1.77 billion dollars during the 1990-91 fiscal year despite the Gulf crisis, chairman of the Canal Authority Izzat 'Adil said. The canal revenue in the previous fiscal year was 1.46 billion dollars.

Another important step the government has taken is the restructuring of the public sector. Since early last year, the government has been selling small and unprofitable state-owned enterprises to private companies or joint ventures, to free the government from paying huge subsidies to these poorly managed factories and hotels. While more than 100 enterprises have been sold out, major public sector enterprises still remain under government control.

A social fund has been set up to finance small enterprises and create more jobs. The fund has reportedly collected 1.6 billion Egyptian pounds (about 480 million U.S. dollars).

Egypt's budget deficit has been greatly reduced from 74 percent of the GNP in 1988 and it had a balance of payments surplus in the last fiscal year for the first time in a decade.

"All these indicate that we are proceeding along the correct path and in the right direction," President Husni Mubarak told a joint parliament and consultative council conference recently while reviewing the economic situation in the country.

### East Europe

#### 'Analysis' Probes Yugoslav Premier's Resignation

*OW2112132891 Beijing XINHUA in English  
1242 GMT 21 Dec 91*

[“Analysis” by Xu Kunming: “Why Yugoslav Premier Resigns”]

[Text] Belgrade, December 21 (XINHUA)—Yugoslav Prime Minister Ante Markovic announced his resignation Friday because of his difference with the federal government on the “war budget.”

The premier’s resignation is seen as the height of a months-long federal government crisis.

According to the newspaper “BORBA”, there have been heated arguments on the budget in the federal government. Under the draft, three-quarters of the income would depend on the issuance of money and four-fifth of the expenditure would go to the military.

Markovic stated at a press conference Friday that such a budget would lead to an endless civil war and a galloping inflation, and that he had no alternative but to resign.

Observers here are of the view that the budget problem is only the tip of an iceberg, and that the premier’s resignation should be attributed to the intensifying ethnic conflicts and the deepening economic crisis.

Markovic 67, had been a central committee member of the League of Communists of Yugoslavia (LAY), the Croatian premier and the president of the Presidium. He began to serve as the federal premier in March, 1988.

Following the escalation of ethnic conflicts and the collapse of the LAY, the federal constitutional system was damaged. Each of the federated republics did things in its own way, the federal government was boycotted time and again, and the economic reform program could not be carried out.

The Serbian Republic complained that Markovic’s economic policy was unfavorable to it and blamed him for being slack in combating the splitting trend.

In October last year, Serbia demanded the dismissal of Vice-Prime Minister Aleksandr Mitrovic, actually with a hidden motive against Markovic himself.

In late May, the Vojvodina Autonomous Province sponsored a co-confidence bill against the federal government, which was not eventually adopted.

In [passage indistinct] made by the federal government to maintain the interest of Yugoslavia.

The Markovic government has been in a dilemma since the republics of Slovenia and Croatia announced their “independence” on June 25, especially since the eruption of the civil war.

Serbia blamed Markovic for supporting the independence of Slovenia and Croatia while Slovenia and Croatia said he should take the responsibility for the armed conflicts. The two republics called home their officials from the federal government.

Six members of the 19-member cabinet have so far left the federal government including the deputy premier, foreign minister, finance minister, transportation minister and development minister.

Most of the remaining cabinet members have been at odds with the premier. For instance, the defense and internal ministers have expressed their unwillingness to cooperate with him, who has requested the replacement of the defense minister several times.

At a joint session of the two chambers of the federal assembly on November 15, Vice-President of the Presidency Branko Kostic accused Markovic of “trying to undermine the Yugoslav federation” and “working for Croatian authorities.”

On the same day, the Chamber of Republics and Autonomous Provinces (CRAP) passed a bill of no-confidence against Markovic in the absence of a majority of presidency members.

In the evening of that day, the federal presidency led by Serbia and Montenegro decided to start nominating a new prime minister, thus making Markovic “a care-taker.”

Another major reason for his resignation is the persisting disastrous civil war.

Official statistics revealed that the loss caused by the civil war has amounted to 30 billion U.S. dollars. The total output value of the country will be reduced by one third this year and the annual inflation rate will reach 250 percent.

There are about 1.6 million jobless people in Yugoslavia now, and a total of 6 million living on the verge of poverty.

On Friday, Markovic himself admitted that a further deterioration in the economy might trigger off unprecedented social chaos.

#### 'Year-Ender' Examines Civil War in Yugoslavia

OW2112060291 Beijing XINHUA in English  
0417 GMT 21 Dec 91

[“Year-Ender” (by Xu Kunming): “Yugoslavia Becomes New Hot Spot”]

[Text] Beijing, December 21 (XINHUA)—Yugoslavia has become the focus of the world attention in the passing year as its civil war, the largest in Europe since World War II, is dragging into the sixth month and threatening the security and stability in the Balkan region and even the whole Europe.

Concern runs high within and outside Yugoslavia that the country, now a new “hot spot” on the earth, might become another Lebanon and cause chain reactions in the Balkan region in stirring up ethnic strife and territorial dispute.

In 1991, mounting political turbulence, ethnic conflicts and economic woes have torn the Balkan nation, where the assassination of Crown Prince of the Austria-Hungary Franz Ferdinand in 1914 triggered off World War I.

The different religious beliefs and cultural traditions had long been a stumbling block to the unity in Yugoslavia, always strategically important in Europe. Not until 1918 was a unitary multi-national state formed for the first time.

In the old Yugoslavia, known as a “prison of ethnic groups,” the various ethnic communities suffered oppression by Serbian rulers. During World War II, Fascist occupants incited Serbs and Croatians to kill each other and thus the two ethnic groups contracted enmity with each other.

After the liberation in 1945, the Communist Party (renamed the League of Communists in 1952) headed by Josip Broz Tito, managed to maintain stability in the six-republic federation for more than 40 years by pursuing the policies of national equality and national unity.

However, after the death of Tito, the nationalist forces started to regain ground and the ethnic conflicts began to intensify coupled with the worsening economy.

The situation got out of hand after the split in January 1990 within the League of Communists of Yugoslavia (LCY), the force at the core in maintaining national integrity and ethnic unity.

Within months after the collapse of the LCY, over 250 political parties had been formed in Yugoslavia. In the elections held last year, opposition parties came to power in Slovenia and Croatia although forces of the former LCY were still at the helm in Serbia and Montenegro.

The Slovenian and Croatian authorities advocated a system of confederation, but were opposed by the Serbian and Montenegrin leaders. Croatia attempted to secede from Yugoslavia to the refusal of the 600,000 ethnic Serbs living in Croatia. Serbia demanded a redefinition of the republican boundaries, while Croatia did not want to see a third of its territory lost to Serbia.

On June 25, Slovenia and Croatia unilaterally declared “independence.” Bloody conflicts between their armed forces and the federal army ensued.

In the past five months and more, parties involved in the conflicts have reached more than ten ceasefire accords under the mediation of the European Community and the United Nations. However, the answers to the implementation of the agreements had always been fresh fightings soon after the documents were signed.

The escalation of the war has led to the swift disintegration of the federal leadership. The federal presidency, or the “collective president,” publicly broke up on October 3. Presidency members from Slovenia, Croatia, Bosnia-Herzegovina and Macedonia refused to participate in the meetings attended by presidency members from Serbia and Montenegro and federal military leaders. Presidency Head Stjepan Mesic (from Croatia) has recently resigned from the ruling body.

Under such a situation, the federal government headed by Ante Markovic has virtually become a “caretaker cabinet.”

On October 8, Slovenia and Croatia formally declared their “independence,” cutting off all ties with the Yugoslav Federation. One week later, Bosnia-Herzegovina and Macedonia proclaimed that they had become “sovereign states,” but expressed their willingness to form a “union of sovereign states.”

Meanwhile, Serbs living in Croatia and Bosnia-Herzegovina have established “autonomous regions” one after another, saying that they are trying to get divorced from the two breakaway republics. And ethnic Albanians are striving for the creation of a “Republic of Kosovo” to secede from Serbia.

Observers here believe that the climate of rapid changes in Eastern Europe has contributed to the outbreak of the

over-five-month-long war, so does the backing to the secessionist forces in Yugoslavia by some Western countries.

The war has caused heavy human and material losses to the country. According to the Yugoslav media reports, at least 10,000 people have been killed, tens of thousands of others wounded and over 500,000 have been made homeless.

The Yugoslav official estimates have put the direct economic loss caused by the war at over 30 billion U.S. dollars. But Yugoslav economist Zoran Popov holds that the loss amounts to 70 billion dollars.

The social product is expected to go down by 30 to 50 percent this year, per capita national income to plunge to the level of 1965 and the annual inflation rate to reach 250 percent.

In addition, more than 5,000 enterprises have gone bankrupt in the past 11 months while the jobless people now number over 1.6 million. At present, about 40 percent of the population are reportedly living in poverty.

#### Hungarian Economics Minister Stresses Cooperation

*OW2012005591 Beijing XINHUA Domestic Service in Chinese 0458 GMT 19 Dec 91*

[By reporter Liu Weimin (0491 3634 3046)]

[Text] Budapest, 18 December (XINHUA)—Hungary hopes that China will become its major trading partner in the 1990's.

In an interview with reporters on 18 December, Hungarian Minister of International Economics Relations Bela Kadar said: Both Hungary and China have their respective special advantages in pursuing bilateral economic cooperation, and there are numerous areas of potential yet to be explored; we are hoping that China will become Hungary's major trading partner in the 1990's.

He said: The Chinese market is very important to Hungary. We are striving to look at issues from a long-term point of view. He pointed out that, because China is also implementing a policy of opening up, Chinese enterprises are becoming more competitive, and the international economic role of the entire Far East region is growing at a tremendous speed, Hungary's policy should be in line with the overall pattern of development.

Kadar also said that he will be visiting China in the first of next year to determine plans for the two countries' long-term cooperation, as well as methods to realize these plans.

#### Hungary, Poland Said Seeking More Chinese Ties

*OW2212063291 Beijing Central People's Radio Network in Mandarin 0530 GMT 18 Dec 91*

[From the "International News and Current Events" program]

[Text] Recently, a group of our station's reporters visited Hungary and Poland. The following is a report by station reporter (Cui Kezhi): Hungary and Poland wish to expand ties with China while adjusting their foreign policies.

A few days ago, a group of four reporters from our station visited Hungary and Poland and interviewed the Hungarian Foreign Ministry spokesman, the Polish speaker, a Polish deputy foreign minister, and people from all walks of life. In their interviews, these people indicated that Hungary and Poland are willing to maintain and develop friendly relations and cooperation with China while expanding ties with the European countries.

Following changes in their social system, Hungary and Poland have been adjusting their foreign policies. The two countries think highly of expanding relations with European countries, especially the West European countries. The Hungarian Foreign Ministry spokesman told our reporters that Hungary's systems have changed, and, as domestic and foreign policies are closely linked, the Hungary's foreign policy is also being revised. The spokesman said relations between Hungary and the European Community are very good, and trade between Hungary and the EC comprises 50 percent of Hungary's foreign trade. Therefore, Hungary hopes to join the EC, and it hopes to become an associate member before actually joining. To date, Hungary has held nine rounds of talks with the EC on this issue. If an agreement could be reached by the end of the year, it will come into force when the two parliaments approve it early next year.

Poland also attaches importance to developing relations with Western Europe. A Polish deputy foreign minister said Poland's partners in Europe have changed, and Poland wishes to see the integration of Europe—first in politics and economics, and then in security.

The change in Hungarian and Polish foreign policies is marked by an adjustment in relations with the USSR and the original East European nations. While adjusting their foreign policies toward Europe, Hungary and Poland are also paying close attention to developing relations with China. The Hungarian Foreign Ministry spokesman told our reporters that his country knows about China's global status and economic potential. Although Hungary's social system has changed, it is very willing to maintain and develop ties with China, especially economic ties. He expressed the hope that both sides will make positive efforts toward this end.

Hungary's policy of expanding ties with China has a popular foundation. Our station reporters interviewed a responsible individual from the power supply center in

northern Hungary who is enthusiastic about expanding Hungarian-Chinese friendship and cooperation. Together with relevant individuals in China, they jointly founded the Sino-Hungarian Friendship Club whose members share a positive attitude toward expanding Sino-Hungarian friendship. According to this responsible individual, he visited Shenyang and other Chinese cities as well as some Chinese factories and enterprises last year. He saw the thriving Chinese industries with his own eyes and was deeply impressed by the new equipment and technology employed in China.

In the last two years, several economic and academic delegations from China have visited Hungary. This year, the city in which the power supply center in northern Hungary is located held a China Friendship Week. During the period, the Chinese delegation held 14 technical lectures officiated by Hungarian Government officials, and it visited Hungary's factories, enterprises, and universities. The two sides signed several letters of intention on economic cooperation, and they agreed to cooperate in a number of industrial projects.

Hungary plans to export fertilizers and high-tension power lines to China, and it is very interested in Chinese steel, electronic products, electronic meters, silk, and handicrafts. Hungary also intends to cooperate with China to set up factories for assembling bicycles in Hungary with China supplying the spare parts. This responsible individual argued that it is cheaper for Hungary to import certain products from China than from the West. China can also import certain products from Hungary and this will benefit both sides. To promote economic and technical exchanges between the two sides, Hungary has been invited to send a delegation to the 1992 Shanghai Technology Exposition in China. On top of that, China has also been invited to send a delegation to the technology exhibition which will be held in Hungary in 1993.

This responsible individual from the power supply center in northern Hungary also told the reporters that he is planning to invest and form a trading corporation in Hungary to handle trade with China and to promote Sino-Hungary trade and economic cooperation.

Hungary also attaches importance to developing cooperative relations in the agricultural and animal husbandry fields with China. A spokesman of the Hungarian Agriculture Ministry said to this station's group of reporters: Hungary and China have had close cooperative relations in the agricultural field. Some Hungarian animal husbandry specialists currently are working in China at China's invitation. They have been cooperating very well with the Chinese side. Tangerines that Hungary has imported from China in recent years have been well

received by Hungarian consumers. Hungary also has imported fine Chinese cabbage seeds and introduced growing techniques from China, and has successfully grown Chinese cabbage in Hungary. This reporter saw some Chinese cabbages being sold at shops in Budapest. These cabbages were regarded by Hungarian consumers as high-quality vegetables and were much more expensive than native cabbages.

Friendly cooperation between Chinese and Hungarian broadcasting stations also is developing. Workers of the Hungarian State Broadcasting Station visited China this year to discuss business cooperation between broadcasting stations of the two countries. A group of this station's reporters recently visited Hungary at the invitation of the Hungary side and was accorded a friendly reception by Hungary's broadcasting stations. The Hungarian side provided many conveniences to our reporters group's visit.

During our reporters group's visit to Poland, we learned that Poland had paid more attention to developing relations with China since Poland's system changed. Poland's speaker paid a goodwill visit to China this year; the visit was successful. Foreign ministers, economic and trade ministers, and communications ministers of the two countries also have exchanged visits. Both China and Poland have made positive efforts to develop relations and strengthen economic cooperation between the two countries. At the meeting with our reporters group, the Polish speaker said: Sino-Polish friendship is an important issue. China's role in world affairs is increasingly important. Poland not only wishes to develop bilateral political relations with China, it is particularly interested in developing economic relations with China. Poland's vice foreign minister said to our reporters group: Poland is very interested in China. Our two countries had maintained good economic cooperation in the past. Since the two countries changed barter trade to spot trade, some problems remain to be solved; however, Poland still wishes to expand its cooperation with China. Poland has adopted a market economy; therefore, the country's private sector also wishes to develop economic relations with China. Political relations between China and Poland has been very active. Since the beginning of this year, exchanges of high-level visits at or above the ministerial level have been very frequent. Poland wishes these relations will continue to develop.

Our reporters' impressions during their visit to Hungary and Poland is that, since their social systems changed, the two countries, facing a new international situation, are busy adjusting their respective foreign policies. While developing relations with European countries, especially West European countries, they are also willing to maintain and develop relations, particularly economic and trade relations, with China.

**Political & Social**

**Dai Qing Stresses 'Hope for Democratic Change'**  
**HK2112061891 Hong Kong AFP in English 0605 GMT**  
**21 Dec 91**

[Text] Beijing, Dec 21 (AFP)—Chinese dissident Dai Qing urged her countrymen not to give up hope for democratic change Saturday on the eve of her departure for the United States, where she has been allowed to take up a study fellowship.

"I hope that all the people in China keep their hope for change" Dai told AFP at her Beijing home. "I don't want to do something for revolution, but something to move our country to change."

Dai, a 50-year-old journalist imprisoned for 10 months for her role in the 1989 democracy movement, was held at a guesthouse in the seaside resort of Beidaihe in November to prevent her meeting aides of U.S. Secretary of State James Baker, who was then visiting Beijing.

Just after Baker's visit, the Chinese authorities announced as a concession to international pressure on human rights that Dai was free to leave for the United States, where she is to take up a Nieman Fellowship to study at Harvard University.

Dai said she was upset to be leaving "because my country is not in a very good condition and lots of my friends are still in prison."

But she said she was "happy because I am going to see my mother," who lives in Florida. "She has worried about me for the past three years."

Dai, who was due to start at Harvard last August but was not allowed to leave, said she would return to China "next summer, or in the autumn, maybe."

Two former colleagues from the GUANGMING DAILY [GUANGMING RIBAO], the Communist Party's intellectual newspaper, which Dai officially resigned from at the beginning of the month, came to say goodbye Saturday at her small flat near Beijing University.

The dissident was the first to benefit from concessions made by Beijing after Baker's visit to allow dissidents and family members who have served their prison terms or are not facing trial to leave China.

**Departs for U.S.**  
**HK2212083991 Hong Kong AFP in English 0826 GMT**  
**22 Dec 91**

[Text] Beijing, Dec 22 (AFP)—Dai Qing, a leading Chinese dissident, left here Sunday [22 December] for the United States via Tokyo, an airline spokesman said.

Dai, a 50-year-old journalist who worked for the official Guangming Daily [GUANGMING RIBAO] newspaper,

was seen off at the Beijing International Airport by about 18 family members and friends, including her husband and daughter.

Dai will take up a one-year Nieman Fellowship at Harvard University. The fellowship was originally to have started in August, but Chinese authorities denied her permission to leave.

U.S. Secretary of State James Baker specifically raised Dai's case when he was here last month. During the visit, Dai was detained by police while waiting to meet with members of the Baker delegation.

Dai was to arrive in San Francisco, California on Sunday, local time, her husband said.

**Bishop Said Arrested; Christmas Fêtes Restricted**  
**HK2312112791 Hong Kong AFP in English 1125 GMT**  
**23 Dec 91**

[Text] Beijing, Dec 23 (AFP)—A Roman Catholic bishop has been arrested in the northeastern Chinese city of Tianjin, while authorities have restricted Christmas celebrations around the country, a religious source said Monday.

Paul Li Zhenrong, 72, the bishop of Cangzhou, in Hebei Province, was arrested December 11 as he was recovering from surgery in a Tianjin hospital, the source said, adding the surgeon and his wife together with a young seminarian and a Catholic couple the bishop had stayed with were also arrested.

The bishop, who was appointed by the Vatican, was previously arrested in 1990, but later released.

Several million Roman Catholics who have refused to break with the Vatican, as Beijing did in 1959, now practice their faith in secret and a number of their priests and bishops are in prison.

Slightly more than 3.5 million Chinese Catholics now give their allegiance to a "patriotic church" under the Communist Party which ordains its own clergy.

The clampdown on Catholics seems particularly severe in Hebei where earlier this month the auxiliary bishop of Baoding, Paul Shi Chunjie, died while under police surveillance in a house of retreat.

Officials have also stepped up restrictions on Christmas celebrations, Catholic sources said.

In Beijing, authorities have ordered that the traditional midnight mass at Nantang cathedral be held at 6:30 p.m. instead of 11:30 p.m.

Authorities have said the move was to give worshippers enough time to catch buses home, a cathedral spokesman said.

In Guangzhou, southern China, the authorities have banned Catholics from holding celebrations outside certain areas and have moved to discourage non-believers from attending services out of curiosity.

**Thieves Executed as Part of 'National Crackdown'**  
*HK2212084791 Hong Kong AFP in English 0827 GMT  
22 Dec 91*

[Text] Beijing, Dec 22 (AFP)—Twelve robbers here and 15 in a northeastern city have been executed as China steps up a national crackdown on theft, official newspapers reported Sunday [22 December].

The Beijing Legal News announced the executions in the Chinese capital with a headline reading: "A Bright Future for Those Who Confess, a Road to Death for Those Who Don't." The 12 robbers executed had not confessed, the paper said. It added that 19 thieves were sentenced to death with two-year suspensions and 16 others given jail terms.

Authorities have announced a three-year campaign aimed at ridding China of theft. Most cities have given robbers a grace period to surrender, promising harsh punishment for those who did not.

In Dalian city, in northeastern China's Liaoning province, 15 robbers involved in a major theft in October were executed after a public meeting to announce their sentences, the Liaoning Legal News said.

At the same meeting, 92 other thieves were given jail terms of up to life imprisonment while 37 "lawbreakers" were sentenced to labor camps.

Separately, the Legal Daily said a court in Zhengzhou, the capital of Henan Province, sentenced a thief to capital punishment for robbing and then stabbing to death a married couple. The thief was then executed, the paper said.

**Government To Launch Campaign Against Abduction**  
*OW2012024791 Beijing XINHUA in English  
0211 GMT 20 Dec 91*

[Text] Beijing, December 20 (XINHUA)—China will launch a national campaign against abduction of women and children this winter and next spring, since the cases of this particular crime are increasing.

The "PEOPLE'S DAILY" [RENMIN RIBAO] reported today that the Ministry of Public Security and the All-China Federation of Women held a telephone conference yesterday calling for severe punishment for kidnappers of women and children.

Yu Lei, deputy minister of public security, pointed out that despite efforts launched last December cases are being reported with ever-increasing frequency, the number of the cases filed for investigation nationwide between January and October this year was more than for the whole of last year.

So far, over 11,000 abduction cases across China have been uncovered, and 20,000 victims have been rescued, Yu said.

**National Public Security Meeting Viewed**

*HK2112052691 Hong Kong KUANG CHIAO CHING  
in Chinese No 231, 16 Dec 91 pp 10-12*

[By Hsiao Chung (2556 6945): "Inside Story of CPC's National Public Security Meeting"]

**[Text] The CPC Steps Up Study of New Measures for Improving Public Security**

Despite the influences of the violent changes in the Soviet Union and the pressure imposed by the United States, China's domestic situation is still rather calm, not as turbulent as some Western persons have expected. The Soviet situation has deteriorated, its economy has collapsed, and its territory is disintegrating. The Ukraine has declared independence. It seems that this winter will be a very hard time for the Soviet Union. Because of all this, the Chinese people are afraid that such a turbulent situation could appear in their own country. In the meantime, to counter the possible negative influence of the violent changes in the Soviet Union on China and prevent a possible new trend of internal hostile forces, the CPC has been stepping up study of new measures for improving public security in recent months.

The top CPC leaders believe that a stable political situation depends on economic development and social stability, and social stability is decided by the public security situation. Jiang Zemin, Li Peng, and Qiao Shi made repeated instructions this year, emphasizing the importance of improving public security work. Recently, a national public security meeting was held by the CPC. Jiang Zemin spoke at the meeting. He reminded the public security organs to "keep a clear head" and "maintain sharp vigilance" in face of "peaceful evolution" attempts by international hostile forces. However, they "should not be in a state of extreme nervousness, either." Li Peng demanded that the public security organs "take resolute measures to deal blows at hostile forces and the sabotage activities of hostile elements." It was disclosed that the meeting reiterated that it is necessary to stop all possible disturbances when they are still "in the embryonic stage" and it is necessary to continue to take "maintaining stability" as an overriding task and to establish a powerful public security contingent.

**Five Major Public Security Problems on the Mainland**

There are many serious problems in China's public security. In 1991, more criminal cases were placed on file for investigation and prosecution. The cases have the following characteristics:

1. The number of group criminals has increased. They robbed and stole things along the railways and highways and became "railway bandits." Some were even involved in smuggling and swindling.

**Emergency Arrangements Made by Telephone Conference of Central Public Security Committee**

2. The number of crimes of violence has increased, and the cases of robbing banks, shops, and taxis have often appeared.
3. The number of larceny cases has greatly increased. Of the criminal cases of 1991, more than 1.34 million, or 80 percent, were larceny cases. For this reason, the CPC held a telephone conference in early September in the name of the "Central Committee for Improving Public Security in a Comprehensive Way" to make emergency arrangements for a nationwide struggle against theft.

Recently, five individuals involved in large-scale graft were prosecuted by Shanghai's procuratorial organ; each had committed graft involving more than 150,000 yuan. The highest was 310,000 yuan. Altogether, the five had stolen nearly 1 million yuan. In Guangdong, such serious cases also often appeared.

**To Prevent Theft, Large Domestic Animals Also Have "Identity Cards"**

China's FAZHI RIBAO reveals that in Miyang County, Henan Province, in order to prevent theft and "abduction" of animals, a relevant department even issued "identity cards" for 240,000 large domestic animals. On these cards, there are names of their masters and their breeds, color, sex, and age.

4. There has been an increasing amount of trouble made by groups and fighting between patriarchal clans. In some areas, they even attacked public security officials, government officials in charge of industrial and commercial taxes, and court personnel.

5. Criminal activities such as prostitution, drug trafficking and drug use, and abduction of women and children have become very serious in some areas. To eliminate such malpractices, public security organs, and civil administration, judicial, and public health departments have set up many education camps in Yunnan and Guangxi for those who have committed prostitution and taken drugs. Recently, the National People's Congress [NPC] Standing Committee also adopted a special law on punishing those engaged in prostitution.

Since November 1989, when drug taking and trafficking was regarded as one of the "six vices" by the CPC, a series of laws and regulations banning drugs have been promulgated and organizations for banning drugs have been established. This shows that the problem of drug taking and trafficking has become very serious in China. Banning drugs has become an important task of the central authorities in the effort to eliminate crime. Since the second half of the 1980's, drug-users in China have not only taken traditional opium, but have also taken morphine, heroin, marijuana, and injected drugs, including diluted opium. What is more, the increasingly

young drug-takers are now forming the major element among users, which has resulted in the deterioration of public order.

Yu Lei, vice minister of public security, said it is necessary to look at today's public security problem from the viewpoint of social and economic development. It is necessary to establish a new consultation system for improving public security and gain a correct understanding of China's public security situation.

**Yu Lei Says It Is Necessary To Establish a New Consultation System for Improving Public Security**

According to Yu Lei, although China's public security situation is grim, we should not overestimate its seriousness and exaggerate it. China's crime rate is about 0.02 percent, but that of Western countries is about 0.5 to 1 percent. Generally speaking, China's public order is much better than the developed countries. Foreign police chiefs who have visited China, and foreign investors in and envoys to China, have all said they feel China is the safest place.

As a result of great changes in China's society, public sentiment, and the ideological situation over the past 10 or more years, changes have also taken place in China's public order. In the period of the people's communes and collective economy, there was only a small floating population throughout the country. When people wanted to go anywhere, they needed travel permits and certificates. When peasants went to other areas, they were regarded as "blind flows" and were taken to collection posts. It was easier to discover problems at that time. But now, as there are flows of people from area to area, the floating population has reached more than 60 million throughout the country. Beijing has a floating population of 1.3 million; Shanghai, 2 million; and Tianjin, Guangzhou, and Shenzhen, respectively, 1 million or so. The population flow has provided criminal offenders with opportunities to commit crimes. The attraction of money and deterioration in social atmosphere make public security management all the more difficult.

**New Challenge to Public Security Work**

Some experts, who are specialized in the study of the CPC's public security, hold that there are four basic factors affecting China's public security situation:

**Criminal Offenders Make Use of Loopholes in Structure**

1. Change of the times. With the development of the commodity economy and the replacement of the old structure by the new, great changes have taken place in China's socioeconomic structure and social life. The old public security management system has been smashed, but a new system has not yet been established. There are many loopholes in the existing system, which provide

criminal offenders with opportunities to seize. Crime-fighting factors are too weak to curb crime. This is the social background for the deterioration of the public security situation.

2. Infiltration by international criminals. In the 1950's, China was carrying out construction basically under a Western blockade and in a situation of closing the country to international intercourse. The door of the mainland was shut for dozens of years. Since reform and opening up, the door has opened and, with increasing international exchanges in the economic, cultural, and technological fields, infiltration by international criminals has become unavoidable. Criminal activities have also expanded. Crimes of the past, such as theft and robbery, continue to exist, and new crimes which were not seen in China have emerged, such as bank robbery using computers and guns, smuggling at sea, and planned international drug trafficking. Some crimes, which were eliminated in the past, have staged a comeback, such as prostitution and drug-taking.

3. The imperfection of the legal system and ineffective measures for comprehensive management of public order. For example, due to insufficient provisions of the old laws, the punishment for prostitutes is usually a fine of a certain amount and several days of detention, or repatriation to their hometown. Before the NPC Standing Committee adopted a relevant law recently, there were no laws and definite provisions on punishing prostitutes.

4. The problem has become more complicated as some government officials have bent the law for their private interests and some public security personnel have shielded criminals and individuals involved in graft.

#### New Objectives of Public Security Set by the Meeting

Looking into the public security situation in the next decade, Minister of Public Security Tao Siju said that China's public security will encounter more new problems in the next 10 years. As China's social structure will still be in a process of the new replacing the old, the phenomenon of increasing criminal offenders and security problems may continue for a certain period of time. When this period is over, criminal offenses may be controlled to a certain extent. However, the number of some serious crimes may still increase. The problem of criminals inside committing crimes in collusion with those outside may become more striking.

What is to be done? The countermeasures worked out by China's public security organs are: In the early 1990's, it is necessary to continue to take strong measures against criminal activities and combine them with the "struggle against criminal activities in some special fields" and with routine work. It is necessary to adhere to the principle of "striking blows at and preventing crimes simultaneously and taking both radical and temporary measures against crimes, with the stress on the former." While dealing blows at criminal offenses, it is necessary to make continuous efforts to strengthen public security

work in large and medium cities, along communication lines, and in rural areas. In some major cities, it is necessary to establish a patrol system in one or two years. The main police forces should be put into the street so that their ability to control the cities' public security situation can be increased in a dynamic way. It is necessary to strive for a great improvement in the public security situation in large and medium cities and along the major communication and transportation lines in the next five years or so.

#### Hooligans and Evil Forces in Rural Areas Should Be Eradicated

The stability of rural areas is of great importance to the stability of the whole nation. The CPC holds that it is necessary to put the stress of rural security work on strengthening the building of grass-roots power organs and perfecting the mass security organizations. Meanwhile, it is necessary to strengthen the building of spiritual civilization and solve social problems promptly. It is also necessary to eradicate hooligans and evil forces in rural areas so that the long-term tranquillity in rural areas can be guaranteed.

#### Work Out "Police Law," Strengthen Supervision Over Public Security Organs

Another question the masses are paying a great deal of attention to is the quality of public security personnel and their sense of responsibility toward work. It is a duty-bound task for the departments concerned to improve the quality of public security personnel. At present, in order to increase the quality of the contingent of public security personnel, the relevant central department is drafting a "police law" to replace the old regulations for the people's police, which were promulgated in 1957. A unified police structure will be established by the state, and a system of "police ranks" will be implemented on a trial basis to solve problems concerning the promotion of policemen. To strengthen supervision over the public security organs, establishment of a police supervision system is also under consideration, according to which the post of superintendent will be established at various levels. There will be more strict demands on the public security structure, and the current trend of turning police departments into administrative organs will gradually be changed. More public security anti-riot teams will be organized and their ability to take prompt actions will be enhanced.

#### Plenum Reportedly Discusses Zhao's 'Mistakes'

HK2012131391 Hong Kong TANGTAI in Chinese  
No 9, 15 Dec 91 p 9

[Article by He Po-shih (0149 0130 2457) from Beijing: "Eighth Plenum Report Cites Zhao Ziyang's Five Mistakes"; first two paragraphs are TANGTAI note]

[Text] After the Eighth Plenary Session of the 13th CPC Central Committee ended, it seemed that there was no major change on the surface. However, according to the

information received by TANGTAI, the CPC did not make public two points: One was the latest announcement about Zhao Ziyang's problem, and that announcement gave expression to the CPC's attitude. The other was that Zhu Rongji was authorized to draft the plan for reinvigorating the national economy. During a time when it is widely reported that reformists are subject to restrictions, this is a trend that is more noteworthy, because it indicates some possible personnel changes at the 14th party congress. In Zhu Rongji's plan, some reform measures may be more radical than those in the Zhao Ziyang era. This is something Chinese people and foreigners may be interested in. This magazine will have an article to present more details of this development.

No one was promoted at the eighth plenum, as was rumored in the outside world, and no final decision was made on the Three Gorges Project. This also reflected the debate inside the party and the fact that the decision-making mechanisms were not as strong as before. However, this situation is certainly not unfavorable to the healthy force. In the coming year, there will continue to be a trial of strength, and the reformists are making efforts to create a favorable atmosphere. This will also be analyzed in detail by TANGTAI in this issue.

The Eighth Plenary Session of the 13th CPC Central Committee has ended. The official communique deliberately skipped an important task of the plenum: The CPC center delivered a report about Zhao Ziyang's mistakes to the plenum, and decided not to assign any new job to Zhao for the time being.

Someone who knew the actual facts stressed that Zhao Ziyang's case was not included in the plenum agenda; the Political Bureau only briefed the Central Committee members about its decision.

According to the informed source, the CPC center holds that Zhao Ziyang committed the following mistakes: First, he encouraged and allowed the spread of the bourgeois liberalization ideology in society; second, he did not check corruption within the party, and bore responsibility for the spread of corruption inside the party after reform and opening up; third, his own lifestyle was also corrupt, and he did not set strict demands on his children; fourth, his economic policies were changeable and unstable, and he bore responsibility for the overheated economic conditions a few years ago; and fifth, and most importantly, his political position was not firm during the 1989 turmoil, and he supported the turmoil, thus causing immeasurable losses to the party.

The report also said that some problems related to Zhao had not been completely investigated. The main unclear issue is Zhao's relationship with the [George] Soros Foundation. The report said that for this reason, no new job was assigned to Zhao Ziyang for the time being, and Zhao himself also did not ask for any job assignment.

According to another person who knew about the report's contents, the CPC authorities did not want to appoint Zhao Ziyang to any post, mainly because some

senior leaders feared that this might cause confusion in people's thinking. As a matter of fact, Deng Xiaoping proposed that Zhao Ziyang be assigned to do some suitable work, but some old comrades were worried that this might make cadres at various levels guess whether there were any changes in the central policies or whether the verdict on the "4 June Incident" would be reversed. In view of these possibilities, it was decided that the issue of Zhao was not to be settled for the time being. However, it is expected that an official conclusion will be made on Zhao Ziyang's case at the 14th party congress.

This informed source revealed that the CPC central authorities also instructed the departments concerned to "prudently" handle the news reports about the activities of three senior officials, Hu Qili, Rui Xingwen, and Yan Mingfu, who were dismissed from office for their ambiguous attitude during the "4 June Incident" and were recently reappointed to new offices. Reports about their activities should be first approved by the central authorities. This is also because they fear that such reports may cause confusion in the minds of cadres.

#### **Reportage on 23d NPC Standing Committee Session**

##### **Nonproliferation Treaty on Agenda**

*OW2012152691 Beijing XINHUA in English  
1419 GMT 20 Dec 91*

[Text] Beijing December 20 (XINHUA)—A spokesman for the National People's Congress (NPC) announced today that the agenda for the coming session of the NPC Standing Committee will include discussions concerning China's participation in the nuclear non-proliferation treaty and the Three Gorges Project.

The spokesman said that the agenda for 23rd session which will last for seven days includes 12 discussion items, most important of which are the two items mentioned above which were submitted by the State Council and the study group of the NPC Standing Committee.

In addition, the NPC Standing Committee members will discuss the draft protection law for safeguarding women's rights, the draft adoption law, the draft law on trade unions, and the draft ordinance on the ranks and titles of police officers.

They will also hear a report delivered by State Councillor Qian Qichen concerning on the current international situation and China's diplomatic efforts.

##### **Spokesman 'Optimistic' on Signing**

*OW2012075291 Tokyo KYODO in English 0741 GMT  
20 Dec 91*

[Text] Beijing, Dec. 20 KYODO—China is likely to vote next week in favor of signing the nuclear non-proliferation treaty at a meeting of the National People's Congress's Standing Committee, a committee spokesman said Friday.

Spokesman Zhou Chengkui told a press conference that he is personally very optimistic about passage of the bill through the committee which will begin a weeklong session Monday.

The Chinese Government in August told former Japanese Prime Minister Toshiki Kaifu that China would sign the treaty, and also promised U.S. Secretary of State James Baker in November to finish the domestic procedure to sign the treaty by the end of the year.

The Standing Committee's previous session in October carried over the bill after the session failed to vote on it because of unfulfilled discussion.

Zhou said that although there are some unsatisfactory points in the treaty, all members of the committee are in favor of its basic concepts, nonproliferation, reduction of nuclear weapons and peaceful use of nuclear power.

#### Law Enforcement Review Slated

OW2012170691 Beijing XINHUA in English  
1436 GMT 20 Dec 91

[Text] Beijing, December 20 (XINHUA)—The Standing Committee of the National People's Congress (NPC), China's highest legislative body, and its committees will strengthen efforts to review the enforcement of 15 laws and regulations.

The laws and regulations in question include: The law regarding mineral resources, the copyright law, the law regulating industrial enterprises owned by the whole people, the draft law on regional autonomy for China's minority nationalities.

This decision of the NPC Standing Committee to review enforcement actions was predicated on the fact that inspections and reviews of the various laws are an extremely important part of construction a socialist democracy and legal system.

Wan Li, chairman of the NPC Standing Committee, said that greater attention should be given to the laws once they have been formulated and implemented.

"Many people, including some government officials, are unaware of the content of existing laws," said Wan Li. He added that the formulation of laws and regulations and inspection and review to ensure they are being enforced are of equal importance.

According to Wan, a country's legal construction demonstrates that country's level of material civilization and social ethics.

Li proposed that future sessions of the NPC Standing Committee hear reports concerning the enforcement of laws.

The forthcoming session of the NPC Standing Committee which will open on Monday in Beijing will for the first time hear reports concerning the enforcement of the

law on land management in Sichuan, Henan and Liaoning provinces, and of the Compulsory Education Law.

#### Wan Li on Strengthening Law Enforcement

OW2012132791 Beijing XINHUA Domestic Service  
in Chinese 0837 GMT 20 Dec 91

[Text] Beijing, 20 Dec (XINHUA)— Speaking on strengthening the inspection of law enforcement recently, Wan Li, chairman of the Standing Committee of the National People's Congress [NPC], said: To ensure thorough enforcement of enacted laws, it is necessary to strengthen both supervision and inspection. The Standing Committee of the NPC should place both the enactment of law and the supervision and inspection of its enforcement in an equally important position.

He pointed out: Various newspapers, particularly the FAZHI RIBAO [Legal News Daily], should frequently carry stories on law enforcement. The conditions of law enforcement should be publicized as widely as possible, so as, through propaganda, to enhance the concept of law enforcement among party and government organs at various levels and all other sectors.

Wan Li said: Presently, there are people, including some of our own leading comrades and many others among the masses, who, being ignorant of even the very existence of law, are either unable to enforce it or enforce it in a loose manner. As far as law enforcement is concerned, as I see it, there are three main problems, namely, ignorance of law, awareness of law but failure to enforce it, and loose enforcement. To enhance legal knowledge, we should start with the NPC itself by doing a good job in the supervision and inspection of law enforcement. We should be resolute in solving the problems that we have been talking about in the past: failure to comply with the law, the law being loosely enforced, and no action being taken against law violations.

Wan Li added: The condition of the legal system represents the level of a nation's material and spiritual civilization. As a ruling party, we should take the initiative to strengthen the building of a socialist democratic legal system. The agenda of each session of the NPC Standing Committee should include one or two reports on the inspection of law enforcement; this practice should be persisted in as a rule.

#### More on Session, Law Enforcement

HK2212032691 Beijing CHINA DAILY in English  
21 Dec 91 p 1

[By staff reporter Chang Hong: "NPC To Strengthen Enforcement of Laws"]

[Text] China's top legislative body will step up its supervision of the enforcement of laws across the country, beginning with massive check-ups next year on 14 laws and decrees.

The decision was made at a recent meeting of the chairpersons of the National People's Congress (NPC) Standing Committee, sources with NPC disclosed yesterday.

Also yesterday, a spokesman for the Standing Committee said the top legislators will meet next Monday to start deliberating the State Council's proposal for the country to join the nuclear non-proliferation treaty as well as other legislation.

Under the new arrangements for enforcement of existing laws, the NPC Standing Committee will directly organize inspections on the implementation of three laws: on the personnel and business practices of State-owned enterprises, criminal offenses, and protection of mineral resources and the environment. Special committees under the NPC are to start check-ups on the enforcement of another 11 laws and decrees.

The 14 laws and decrees were chosen because they are widely violated, sometimes because officials and citizens are ignorant of them.

The enforcement investigations will take place regularly every year as an established practice, covering different laws each year, the sources said.

Wan Li, who chairs the NPC Standing Committee, recently said the Standing Committee "must place the supervision of law's enforcement on an equally important par with its legislative work," sources said.

"The National People's Congress shall take the lead in heightening the understanding of law and do a good job in overseeing the implementation of law," he said.

Each NPC Standing Committee meeting is to include in its agenda reports on the enforcement inspection of one or two specific laws as a regular practice.

At a press conference in Beijing yesterday, a spokesman for the Standing Committee said that in the upcoming session, the legislators are to examine draft laws on adoption and on the protection of rights and interests of women, the law on deputies to People's Congresses and the amended draft law on trade unions.

During the one-week 23rd session of the Seventh NPC Standing Committee, the legislators are also expected to deliberate a motion submitted by the State Council on the adoption of ranks and titles of police officers, he said.

And legislators will continue their long-standing debate over the dam project at Three Gorges, after hearing a field-study report by a special NPC group.

#### **Standing Committee Meeting Opens**

*OW2312113191 Beijing XINHUA Domestic Service  
in Chinese 0921 GMT 23 Dec 91*

[Text] Beijing 23 Dec (XINHUA)—The 23d Session of the Standing Committee of the Seventh National People's Congress [NPC] opened this morning at the Great Hall of the People.

The session was presided over by Wan Li, chairman of the Standing Committee, who put forward suggestions of the chairmanship meeting on the agenda for the current session. Members of the Standing Committee adopted the agenda.

According to the agenda, members of the Standing Committee today heard a report by Song Rufen, vice chairman of the Law Committee of the NPC, on the results of examining the draft adoption law; a report by Xiang Chunyi, vice chairman of the Law Committee of the NPC, on opinions for revision of the draft law on protecting the rights and interests of women; an explanation by Zao Zhi, executive deputy secretary general of the NPC Standing Committee, on the draft law governing deputies of the NPC and local people's congresses at various levels; and an explanation by Gu Angran, vice chairman of the NPC Legislative Affairs Commission, on the draft amendment of the law on trade unions.

Entrusted by the State Council, Minister of Public Security Tao Siju made a report at the meeting to explain the draft ordinance on the ranks of police, and Vice Minister of Foreign Affairs Liu Huaqiu attended the meeting to explain suggestions for the approval of the "International Convention on the Rights and Interests of Children" and the "Border Treaty Between China and Laos."

The meeting also continued to deliberate the State Council's motion for the participation in the Nuclear Nonproliferation Treaty.

NPC Standing Committee vice chairmen Peng Chong, Ngapoi Ngawang Jigme, Seypidin Aze, Yan Jici, Rong Yiren, Ye Fei, Liao Hansheng, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jiqiong, and Wang Hanbin attended the meeting.

State Councillor Wang Bingqian and Ren Jianxin, president of the Supreme People's Court, attended today's meeting as observers.

#### **Border Treaty With Laos Discussed**

*OW2312092691 Beijing XINHUA in English  
0915 GMT 23 Dec 91*

[Text] Beijing, December 23 (XINHUA)—The Standing Committee of the National People's Congress (NPC) met here this morning to deliberate eight motions, including that of China joining the Nuclear Non-Proliferation Treaty.

The session was presided over by Chairman Wan Li of the NPC Standing Committee and was attended by 13 vice-chairmen and 104 members.

The legislators first listened to reports on the amendments of the draft adoption law and the draft protection law on the rights and interests of women, both of which had been preliminarily deliberated at previous sessions.

The draft ordinance on the ranks of the people's police, which is formulated to promote the management of the police, was also submitted for deliberation this morning.

Minister of Public Security Tao Siju was authorized by the State Council to make a report to the legislators on this draft ordinance.

"Without ranks and insignia, it is very inconvenient for police officers to give orders on urgent occasions," said the minister.

The session also deliberated motions on approving the international convention on the rights and interests of children and the border treaty between China and Laos.

The session, which is expected to last one week, will also have special discussions on the proposed project of the Yangtze gorges.

#### **Law Regarding Deputies Reviewed**

*OW2312093291 Beijing XINHUA in English  
0918 GMT 23 Dec 91*

[Text] Beijing, December 23 (XINHUA)—A draft law which aims to protect the legal rights of deputies to the people's congresses and help them perform their duties well was submitted to the 23rd session of the Standing Committee of the Seventh National People's Congress [NPC], which opened here today.

The draft law, which falls in six chapters and 46 articles, stipulates the duties of the deputies when in session, their activities when not in session, and the termination of such rights and their deputy qualifications.

According to Cao Zhi, deputy secretary-general of the NPC Standing Committee, the formulation of the law incorporates past experiences of deputies and their duties.

Deputies to the National People's Congress can make inquiries to the Supreme People's Court and Supreme People's Procuratorate concerning the work of the deputies when the National People's Congress is in session, the draft says.

When the session is closed, deputies should inspect, listen to the opinions of the masses and join in the relative committees to look into special issues.

The draft also states that reception offices should be set up in the standing committees of the national and local people's congresses to hear opinions of the deputies.

There are more than 3.6 million deputies to the people's congresses at various levels in China.

#### **NPC News Awards Announced in Beijing**

*OW2112093391 Beijing XINHUA in English  
0900 GMT 21 Dec 91*

[Text] Beijing, December 21 (XINHUA)—The year-long selection process for "good news stories which

publicize the National People's Congress [NPC] system" culminated today in Beijing.

The XINHUA story entitled "Over 100 Amendments Made To Li Peng's NPC Report," and 138 other news stories received awards.

The contest which was sponsored by the General Office of the NPC Standing Committee attracted over 286 stories from over 150 news media in the country's 28 provinces and autonomous regions.

An official with the organizing committee noted that a common feature of the award winning stories was that they covered important subjects which were of relevance to ordinary people.

"The awards are intended to strengthen the publicity of the NPC system in order to promote it as a fundamental political system," according to the official.

Peng Chong, vice-chairman of the NPC Standing Committee, called on prize winners to enhance a general understanding of the importance of publicizing the NPC system and to widen the scope of their reports concerning the system.

#### **Peng Chong Speech**

*OW2112224591 Beijing XINHUA Domestic Service  
in Chinese 0924 GMT 21 Dec 91*

[“Speech on Intensifying Work To Publicize the System of People's Congresses, delivered by Peng Chong on 21 December 1991 at the Award Ceremony for 'Good News Stories That Publicize the System of People's Congresses'”—XINHUA headline]

[Text] Beijing, 21 Dec (XINHUA)—Comrades: We held here today an award ceremony for "good news stories that publicize the system of people's congresses" to commend journalists who contributed to the efforts of publicizing the system of people's congresses. On behalf of the National People's Congress Standing Committee, I extend my warm congratulations to those fine journalists who won the awards with honor! I also extend my heartfelt gratitude to units and individuals who have worked hard to publicize the system of people's congresses!

Since the Third Plenary Session of the 11th CPC Central Committee, central and local information units have, under the leadership of party committees at all levels, carried out a lot of work to publicize the system of people's congresses, the socialist democracy system, and the legal system. News agencies, newspapers, and radio and television stations are propaganda tools providing highly effective coverage. As the mouthpiece of the party, state, and people, they play an important role in expressing public opinion during the construction of socialist democracy in our country. It can be said that, over the past 10 years or so, our progress in constructing the socialist democracy system and the legal system and the increased understanding of the system of people's congresses and the construction of socialist democracy

and the legal system by the masses of people should be attributed to the unremitting, hard work carried out by the great masses of journalists. Justice units and relevant departments have also carried out large volumes of work and made their contributions.

Standing committees of people's congresses at all levels in various localities have contributed greatly in publicizing the system of people's congresses. Responsible comrades of many units have given their personal attention and have constantly studied ways to effectively carry out the relevant work. In some provinces and municipalities, general offices of people's congresses standing committees and propaganda departments of party committees have jointly conducted work meetings to publicize the system of people's congresses. People's congresses in some localities have organized the year of propaganda and education on the system of people's congresses and launched a series of activities, such as propaganda week, the week of publicizing the Constitution, and quizzes on legal knowledge. Standing committees of people's congresses in 30 provinces, autonomous regions, and municipalities directly under the central government have published official publications; among them, standing committees of people's congresses in seven provinces and municipalities have even started their own newspapers. Some standing committees of people's congresses of the provincial level have established a system of news briefings. Some provinces have even established academic groups to study the system and work of people's congresses and have conducted seminars on theories.

In short, a good foundation has been laid for the work of publicizing the system of people's congresses, and marked results have been in this respect. Nevertheless, the breath and depth of our current efforts to publicize the system of people's congresses are not enough to meet the demand of the Constitution and to satisfy the people's expectations. Therefore, I hope you redouble efforts to do this work with better results. I would like to make the following few suggestions for reference:

First, we should further enhance our understanding of the importance of publicizing the system of the people's congresses. This system is the basic political system with Chinese characteristics, is the historic choice made by the Chinese people after long years of revolutionary struggle, and is the summation of the party's experience in leading the people in building political power. Embodimenting the fundamental nature of a socialist country of the people's democratic dictatorship led by the working class and based on the worker-peasant alliance, this system conforms to our national conditions, constitutes a special feature and an advantage demonstrated by the party's assuming leadership over state affairs, and constitutes a major means and method of developing socialist democracy. Comrade Jiang Zemin has pointed out that upholding and improving the system of people's congresses is of primary importance in developing socialist democracy. This is what the Chinese people should do—use this political system to guarantee the

long-term stability of the country and to ensure that the country advances along the road of building socialism with Chinese characteristics. The Common Program of the Chinese People's Political Consultative Conference and the Constitution formulated after the founding of New China have explicitly set the fundamental political system for the state and clearly defined that National People's Congress is the highest unit of state power and that the local people's congresses at all levels form the legal status of the local units of state power. Nevertheless, in our society there are many people, including some of our cadres, who still lack a correct understanding of this system. This has happened because we have not done enough to publicize this system. Comrade Mao Zedong pointed out long ago that many people and party members did not know that the people's congresses were the outlets of political power, and some of them even "disliked this troublesome democratic system." "This is because of the lack of publicizing and education in connection with the system of people's congresses—this new political system." Therefore, we must give priority to publicizing the system of people's congresses. We should thoroughly understand that by publicizing the system of people's congresses, we are publicizing the fundamental political system of our country, that the people are the masters of the country, that the socialist system was founded by the people of our country after fighting bloody wars for many years, and that our party is leading the people of the entire country in building socialism with Chinese characteristics. Publicizing the system of people's congresses is not only the business of people's congresses at all levels and their standing committees but also the business of the whole party and all sectors of society. Of course, all departments, units, and media have their respective propaganda and reporting priorities, but they should make joint efforts to publicize the state's fundamental political system.

Second, we should focus attention on increasing the awareness of socialist citizenry. Socialist democracy and the legal system are the important guarantees for the socialist modernization drive. Comrade Deng Xiaoping has pointed out: In carrying out the four modernizations, we must attend to economic development on the one hand and to socialist legislation on the other. This important principle for administering the country, which summarizes the historical experiences since the founding of the country, underlines the strategic importance of legislation. In addition to the socialist constitution with Chinese characteristics and basic laws for criminal and civil affairs and state structure, we have formulated a series of economic laws and laws involving foreigners, in keeping with reform and opening and the socialist modernization drive. We may as well say that there are laws for people to follow in the basic aspects of Chinese political, economic, and social life. Today, however, there is a malady: In some localities and departments, laws are not strictly observed and enforced. Therefore, we must work assiduously for a long time to rectify this malady. Of course, increasing the people's awareness of socialist citizenry is of basic importance. We should

foster a strong awareness of upholding the four cardinal principles and concepts such as the people are their own masters; the rights and duties of citizens; socialist equality, freedom, and discipline; and the carrying out of things according to law. Our constitution and laws provide clear stipulations for safeguarding and protecting the rights and interests of citizens. Last June, the NPC Standing Committee adopted a resolution on launching in-depth publicity and education on the legal system and implementing the second five-year plan for basic legal knowledge beginning in 1991. Therefore, journalistic and propaganda workers should publicize regularly and with great detail the basic knowledge of laws and use public opinion to create a pervasive atmosphere for continuously enhancing the people's awareness of socialist citizenry, thereby promoting the further construction of socialist spiritual civilization.

Recently, Comrade Wan Li pointed out: We should inspect law enforcement more often for ending the current situation of failing to strictly observe and enforce laws and to punish lawbreakers. This is an important aspect of the supervision over the people's congresses and the press. It is hoped that comrades in the journalistic and other propaganda departments will closely coordinate with the people's congresses in providing thorough publicity to their inspection of law enforcement. Comrades in the journalistic and propaganda departments should select several typical cases and provide intensive publicity and reports on such cases to create a kind of public opinion.

Third, we should further broaden the scope and increase the depth of publicizing and reporting the people congress system and democratic rule. The China's people's congress system and work of people's congresses reflect the characteristics of socialist democracy. This socialist democracy is the broadest democracy that suits conditions in China. Many ways can be used to make this fully known to the public through publicizing and reporting the people's congress system; however, these ways are yet to be explored. Meetings of people's congresses and their standing committees are the main forms through which people's congresses perform their functions and exercise powers. This fact should be fully reported. We should not only report results of meetings, but also how people's congresses perform their functions and exercise powers and how they exemplify the democratization of decision making. Our laws are enacted through repeated examinations and revisions. Some important laws are passed by the organ of supreme state power only after they are discussed, investigated, and studied for many years, and only after widely solicited public opinion on them are studied. Some important laws are passed only after they are discussed by all the people. This process fully demonstrates the socialist democracy; it should be widely publicized and reported in depth. People's congresses' work during recesses of people's congress meetings and meetings of their standing committees, including inspection activities of congress deputies and standing committee members, should also be publicized and reported.

Publicizing and reporting should be made both theoretically and practically, and should be aimed at answering questions the masses are widely concerned about. To accomplish this, comrades of our journalistic and propaganda departments should know better about the people's congress system and work of people's congresses and should publicize and report them with great enthusiasm.

Fourth, publicizing and reporting should be done in various forms, should be lively, and should be made closely linked to and well received by the masses. Some of the selected good news stories on publicizing the people's congress system are very moving. For example, "Democracy—Consultations and Voting," "People Who Are No Longer Slaves," and "Following the Steps of Progress of World Civilization," among others, lively reflect the socialist perception of democracy and human rights from various aspects. They are quite persuasive. We have always said that motive should be in line with results. News reports, articles, and radio and television programs can bring about good social effects only if the masses like to read, listen, or watch them. I hope in the future there will be more journalistic works and programs that are persuasive and closely linked to real life.

Fifth, publicizing and reporting on the people's congress system must conform to the constitution and law. People's congresses should conduct business strictly according to the constitution and law, and must follow legally established forms and procedures in performing their functions and exercising powers. Democracy cannot be practiced if legally established forms and procedures are not followed. Therefore, publicizing of the people's congress system must conform to the constitution and law. Some publicizing and reportings in the past did not conform to the constitution and law. For example, some newspapers reported certain comrades' appointments to certain government posts before people's congresses or their standing committees approved the appointments; some newspaper articles say people's congresses can only conduct legal supervision, but not work supervision; some newspapers publicized and reported the county-level people's congress system and regional laws and regulations. These kinds of reportings are against the law. I hope our journalistic workers will strictly follow the law, base their reportings on facts, and avoid reportings and wordings that are against the law.

Sixth, concerned departments of people's congresses should establish closer contacts with the party's propaganda departments and should work closely with the media. To properly publicize the people's congress system, I hope concerned departments of people's congresses will actively brief the party's propaganda departments on their work so that publicizing of the people's congress system will become an important part of the party's propaganda work. At the same time, these departments should regularly brief the press on their work, give convenience to reporters, and provide good service for their work. I also hope journalistic units will take the

initiative in understanding people's congresses' work so that they may produce more good-quality publicizing materials and reports.

This is all I have for today. Once again, I hope all of you will make joint efforts to better publicize the people's congress system.

**Deng Liqun Interviewed on 'Mao Zedong Craze'**  
**HK1812063291 Beijing GUANGMING RIBAO**  
*in Chinese 26 Nov 91 pp 1-2*

[Report: "On 'Craze for Mao Zedong"—Comrade Deng Liqun Interviewed by ZHONGLIU [MAINSTREAM] Magazine Reporter"—originally carried by issue No. 12 of ZHONGLIU, 1991]

Press and Publishing Journal] (on 28 August 1991) published excerpts of a speech by Comrade Deng Liqun entitled "Some Opinions on the Compilation of the Book *Style and Example of Proletarian Revolutionaries*." The third part of the book deals with the "craze for Mao Zedong" which has emerged among young people in recent years. This has aroused repercussion among many readers. On 28 October, a ZHONGLIU reporter interviewed Comrade Deng Liqun on this problem.

[Reporter] Your speech published by XINWEN CHUBAN BAO focused on the "craze for Mao Zedong." As a social phenomenon, the "craze for Mao Zedong" has drawn the attention, consideration, and appraisal of people in the country and abroad. ZHONGLIU has published articles on this problem several times. The article "Discovering Mao Zedong" published by the magazine not long ago was a thought on the "craze for Mao Zedong" expressed by a postgraduate in Beijing University. Recently a publishing house in Shanxi carried an article by a young writer entitled "China's 'Craze for Mao Zedong.'" But as a veteran comrade on the Chinese ideological and theoretical fronts, you were the first to talk about this problem. Your remarks portray veteran comrades' close concern for young people's growth and the future of socialism. Needless to say, young people care for and respect your remarks. Many readers hope you will talk about this problem more fully.

[Deng Liqun] In my speech, I only mentioned the "craze for Mao Zedong" in passing. I did not elaborate on it. This is not a "discovery," of course, but only confirms an objective fact. This "craze" is not somebody's groundless imagination, nor is it a "mirage." It is something real which everyone can feel. The emergence and development of this fact gives us much food for thought. At that time I described it as "interesting." When bourgeois liberalization was rampant several years ago, it negated, downgraded, blackened, and attacked Comrade Mao Zedong and his thought and then attacked and vilified Comrade Deng Xiaoping and other older generation proletarian revolutionaries. This seemed to be the "vogue" at that time. A "confidence crisis" appeared in society. But after the 1989 political storm in Beijing,

particularly after the reversion in East Europe, the disintegration of the Soviet Union, and the unprecedented worldwide anticommunist upsurge, some people announced that "communism is dead." Under such circumstances, the "craze for Mao Zedong" arose in China, particularly among some sensitive young intellectuals in China. This "heat" is still "rising." This is really a "miraculous scene" in socialist China and even in the history of the communist movement. This is quite extraordinary and merits our consideration, study, and Marxist explanations.

[Reporter] I remember a forum sponsored in Beijing for young intellectuals by the DAXUESHENG [University Student] magazine in January 1991. At this forum some young people had already noticed this problem and tried to explain it. In answer to a question on "how to evaluate the 'craze for Mao Zedong,'" a Beijing University post-graduate named Xin Ming (the writer of *Discovering Mao Zedong*) quoted a Mao Zedong poem as saying: "Today a miasma, a mist, has once more risen, we hail Sun Wukung, the wonder worker." In answer to another question on "how to view the adversity in East Europe," he quoted another of Mao Zedong's poems as saying: "Plum blossoms welcome the whirling snow, small wonder flies freeze and perish." This really requires deep thought to explain and has aroused many people's interest. They were quoted at meetings and in articles.

[Deng] This is indeed very descriptive and to the point. It is an in-depth answer and explanation. It is worthy of esteem that such an answer came from a young student. This shows that the "craze for Mao Zedong" has no longer rested on superficiality or on studying Mao Zedong's works simply for the "craze for Mao Zedong." It has risen to a higher level of rational consideration. Indeed, "a miasma, a mist, has once more risen." In other words, the unprecedented rampancy of revisionist ideology throughout the world and the unprecedented rampancy of bourgeois liberalization in the country were just the background and basis for the emergence and development of the "craze for Mao Zedong."

Both the "craze for Mao Zedong" itself and explanations on it will undergo a process of continuous development, improvement, and change.

We admit that young people of this generation lack personal feelings about Comrade Mao Zedong and his career, because unlike us, they did not follow Comrade Mao Zedong in revolutionary struggles. For a long time in the past, we relaxed our efforts in giving them education. What is more, for many years the ideological trend of bourgeois liberalization, particularly the ideological trend which negates, blackens, and downgrades Comrade Mao Zedong, has instilled many wrong conclusions into young people's minds. This has produced a harmful and negative influence on them.

Due to their experience and youth, they lack the ability to distinguish between right and wrong and to resist

these distortions of facts. Therefore they should understand the true nature of Comrade Mao Zedong, his position and role in Chinese history, and his theory, ideology, and practice. They should turn the appraisal of the "Resolution on Certain Questions Concerning the History of the Party Since the Founding of the PRC" into their own understanding. In this respect, they will undergo a process of "seeking" and "discovering." In recent years, some young people have written articles on "seeking Mao Zedong" and "discovering Mao Zedong." This explains the above point.

Subsequent to the 1989 political storm, adversities took place in some socialist countries. The communist movement has encountered a big setback and is at a low ebb. This has caused a tremendous impact on and repercussions among young people. It has also caused ideological confusion among them. What is interesting is that this extraordinary experience and grim historical fact have triggered a strong demand to consider, explore, and explain these problems. Naturally, this has become an opportunity for them to "seek" and "discover" Mao Zedong.

[Reporter] Indeed, many young people are facing complicated and turbulent domestic and international situations and have many "questions" on their minds. Some of them started "seeking" and "discovering" after encountering setbacks.

[Deng] I have said most young people did not proceed from the existing judgments or conclusions in "seeking" and "discovering." The "Resolution on Certain Questions Concerning the History of the Party Since the Founding of the PRC" adopted by the party in 1981 made a correct appraisal of Comrade Mao Zedong. This appraisal has been negated by some people in the past few years. Young people lacking historical knowledge cannot understand it. "Seeking" and "discovering" Mao Zedong started in the memoirs written by older generation revolutionaries and pamphlets about Mao Zedong compiled by his attendants. For example, "Mao Zedong's Guards Recall Mao Zedong," "Mao Zedong Walks Down the Divine Platform," and other pamphlets and articles sold fast among young people, thus constituting the earliest "craze for Mao Zedong." Some reading material compiled by Quan Yanchi according to oral accounts provided by Mao Zedong's attendants played an undeniable role in "seeking" and "discovering" Mao Zedong, although it had some shortcomings and controversy even cropped up over it. This firsthand material portrayed Mao Zedong's real image, which had been blackened and distorted by some people. He was not divine, nor was he a cruel "monster." He was an ordinary person with flesh, blood, and human feelings. He was kind. In addition, readers could see from this material his noble character, wisdom, and selfless devotion to the people's revolutionary cause—the image of a great revolutionary. For example, when the people suffered from hunger as a result of natural disasters and faults in work in the early 1960's, Comrade Mao Zedong and his family members did not eat meat. He had edema

due to malnutrition. This moved millions of readers. This was really a "great discovery" for most Chinese people. This also refuted some people's description of Comrade Mao Zedong as a "tyrant" and "emperor."

[Reporter] Movies, television series, and operas based on this material have caused "repercussions" among young people. For example, the "Towering Kunlun Shan," the "Founding Ceremony," "Mao Zedong and His Son," "Mao Zedong and His Fellow Villagers," and the "Creation of the World" all vividly describe Mao Zedong's image. The "repercussions" brought about by these movies were also an important component of the "craze for Mao Zedong."

[Deng] "Seeking" and "discovering" Mao Zedong proceeded from these works and reading material. This corresponds with the law of understanding and the law governing ideological and political work for young people. This is a process from concrete to abstract, from perceptual to rational knowledge, and from facts to theoretical conclusions and judgments. It is a pity that so far our ideological, political, and propaganda work has not caught up with this process. We should try to gain enlightenment from the development of the "craze for Mao Zedong" so that we can improve our work. Some "elites" who stirred up the turmoil were the first to understand this point. The "River Elegy" series they manufactured in 1988 played a more harmful role than their hundreds of theories in confusing the people's minds.

[Reporter] It is indeed so. In recent years we have focused on educating young people by means of textbooks and some ready-made conclusions but are not good at educating them with proven facts, lively images, and descriptive language. And some people have negated the role of literature and art in educating young people.

[Deng] These works and reading material are of some help. But it is not enough to provide them with these alone. As a matter of fact, following the development of the situation, many young people are not content with just reading this material. They cannot but consider history and reality. In other words, by understanding Comrade Mao Zedong, they try to understand the "Mao Zedong era" and the people's great revolution under his leadership. By reviewing the Chinese revolution, they try to find answers from Comrade Mao Zedong's theory to solve practical problems facing communism. This has helped develop the "craze for Mao Zedong" to a new period. Many young people are interested in reading books on modern Chinese history and revolution, such as *Red Star Over China*, *Mao Zedong's China* and *Post-Mao Zedong China*, the *History of the People's Republic of China*, and foreign works on Mao Zedong and the Chinese revolution. During vacation, many enthusiastic young people go to the Shao Shan, the Jinggang Shan, and Yanan to learn more about the revolution. Mao Zedong's Memorial Hall in Beijing has become a site millions of people in the country wish to go. Recently we published the *Seven Decades of the CPC*.

Many young people are eager to buy and read it. This suggests the in-depth development of the "craze for Mao Zedong."

It was by tracing back to history that they "discovered" the image of Mao Zedong as a great national hero and revolutionary in Chinese history. "The Chinese nation has the spirit of fighting the enemy to the last drop of its blood and the determination to stand aloft in the world." This noble character, which fully manifested itself in Mao Zedong's life, is highly esteemed by millions of young people.

The second edition of *Selected Works of Mao Zedong* was published in 1991. Many young people bought it. Through reading Comrade Mao Zedong's original works, they understood Comrade Mao Zedong and his revolutionary theories and ideas, indicating that the "craze for Mao Zedong" entered a higher stage of development. Mao Zedong was the first to issue a warning against "peaceful evolution" and to propose the strategic task of guarding against "peaceful evolution"; he was the only Marxist strategist who predicted similar occurrences in East Europe and the Soviet Union. When young people read this, they gradually understood that it was Comrade Mao Zedong who laid down the theoretical basis for guarding against "peaceful evolution." When they realized that Comrade Mao Zedong withstood the adverse current of completely negating Stalin in the 1950's and that he saved the communist movement, they understood more clearly that it was Comrade Deng Xiaoping who made a firm decision in the 1980's to resist the attempt to completely negate Mao Zedong. Young people consciously study Mao Zedong Thought and try to find answers to practical problems in the communist movement from his ideas and theories. The significance is self-evident.

[Reporter] All sorts of "crazes" have appeared in our country for the last few years, such as the "craze for Freud," the "craze for Sartre," and the "craze for the modern school," all of which soon disappeared. Will the "craze for Mao Zedong" disappear like a gust of wind?

[Deng] As I see it, the "craze for Mao Zedong" is different from the "craze for Freud," the "craze for Sartre," and the "craze for the modern school." We cannot say that these sorts of "crazes" had appeared without historical reasons. But Freud's theory on existentialism and the theory of the modern school were the products of Western capitalist society within a certain historical period; they lack a strong basis for existence and development in our country. Some people regarded these theories as the "vogue" of the time and tried to peddle them, but they were gone with the wind after appearing briefly, because they could not answer China's practical problems. The "craze for Mao Zedong" is an entirely different matter. It is a social phenomenon appearing directly from Chinese history and reality and directly from our social life. No matter what, Comrade Mao Zedong's life, the Mao Zedong era, and Mao Zedong Thought had caused the greatest social change in

Chinese history. Not only had these unprecedentedly changed China's modern history; they will also produce a tremendous impact on future development. Understanding and summarizing the history during this period serves as a departure point for our advance. Therefore, there may be different kinds of "crazes," but the "craze for Mao Zedong" will not disappear like a gust of wind. Studying Comrade Mao Zedong, the Mao Zedong era, and Mao Zedong Thought has become an eternal subject in Chinese history.

[Reporter] Will you make a general appraisal of the "craze for Mao Zedong"?

[Deng] Taken as a whole, I think the "craze for Mao Zedong" is an encouraging and positive phenomenon in Chinese historical development.

I do not think the "craze for Mao Zedong" has solved all the problems of young people, nor do I think there are no negative factors in this respect. Overestimating the "craze for Mao Zedong" means overlooking the difficult task on the ideological front and lowering our sense of responsibility. But we should say it is a very good thing for young people of this generation to have feelings for Comrade Mao Zedong and his works in this particular historical period. History has proved that classroom instruction alone will not help turn out genuine Marxists. People of my generation sought a way out for China and themselves and approached and mastered Marxism when the country was in difficulties during Japanese aggression. Now young people are bound to approach and master Marxism at this critical moment when communism in encountering major setbacks and human history is facing big storms. Does the "craze for Mao Zedong" not serve as an opportunity for young people of this generation to understand China's history and reality and to approach and master Marxism? In a sense, their consideration and study will produce a lasting and fundamental impact on the training of successors to the Chinese revolution and on China in the next century. We believe in the truth of Marxism and the future of communism. We also believe that through consideration and comparison, most young people will solidly master Marxism amid historical changes and turbulences. It is more solid to study Marxism amid these drastic changes than from books under ordinary conditions.

Of course, some people think that the "craze for Mao Zedong" also comprises some young people's "feelings for the past." By "feelings for the past," we mean that some people are discontent with the prevalent corruption, abuse of power for personal gain, and bribery. Being unable to change these, they cannot but yearn for the past, for the 1950's. They hope that a campaign against the three evils [corruption, waste, and bureaucracy] and a campaign against the five evils [bribery, tax evasion, theft of state property, cheating on government contracts, and stealing of economic information] can be waged as resolutely as in the 1950's. In my opinion, fundamentally speaking, they hope that our party and

society will remain clean and uncorrupt. This is constructive and not destructive. Some people may have prejudiced feelings and others may take advantage of these feelings to set some young people against the party. We should remain sober-minded on this problem and provide correct guidance for it. What is more important, we should seriously overcome disgusting and corrupt practices.

If we can effectively overcome corrupt practices, we will be able to form an image of selfless devotion and clean administration among young people and to unite them more closely. Allowing the emergence of corrupt practices means allowing "peaceful evolution" to crop up from within. In such cases, we will separate ourselves from the people, particularly young people.

In short, viewed from its main aspect, the "craze for Mao Zedong" is a healthy, progressive, and promising phenomenon. It is a coherent and centripetal factor which can bring about unity and stability. In 1991, we have met with unprecedented natural disasters and drastic changes have taken place in the world. But our society still remains united and stable. This situation should be attributed first to the party's correct policies and line. The "craze for Mao Zedong" is a product of these correct policies and line. Thirty years ago, Dulles put the hope for "peaceful evolution" on the third or fourth generation. Subsequently he predicted that young people in socialist countries would one day consider problems in the American way. Does the "craze for Mao Zedong" not serve as an effective answer to this prediction? Our responsibility is to correctly guide it so that it will develop along a healthy orientation and turn into a process of popularizing Marxism-Mao Zedong Thought and improving the people's understanding of Marxism-Mao Zedong Thought, to create a better environment and conditions for training successors in the next century.

[Reporter] Thank you for giving us this interview despite your many time constraints.

#### **Li Peng Writes Cartoon Magazine Inscription**

OW2012100691 Beijing Central Television Program  
One Network in Mandarin 1400 GMT 19 Dec 91

[From the "Night News" program]

[Text] A forum sponsored by the World of Animated Cartoon Magazines was held at the Great Hall of the People today. Li Peng and Kang Keqing wrote inscriptions for the magazine.

Comrade Li Peng's inscription reads "Promote Animated Cartoon Industry To Further International Cultural Exchanges Among Children."

The magazine features news on the latest animated cartoon works by Chinese artists and profiles of excellent cartoon artists in foreign countries.

#### **NATIONAL AFFAIRS**

#### **CPPCC Forbids Banquets at State's Expense**

OW2112140691 Beijing XINHUA in English  
1339 GMT 21 Dec 91

[Text] Beijing, December 21 (XINHUA)—The Chinese People's Political Consultative Conference [CPPCC] has declared that it will not host banquets, except those involving activities concerning foreign affairs and the United Front work, at state's expenses.

Sending gifts with public funds is also forbidden.

The decisions will be applied to the conference's major activities during the New Year and Spring Festival period this year.

The decisions stipulate that the conference's organs and its attached departments are only permitted to offer tea in hosting various kinds of activities during the New Year and Spring Festival periods.

The consultative conference is also to cancel 10 film parties scheduled to thank other state organs for supporting the conference's work.

#### **Customs Regulations for Foreign Students Released**

OW2012150791 Beijing XINHUA in English  
1424 GMT 20 Dec 91

[Text] Beijing, December 20 (XINHUA)—The State Customs Administration released new regulations today concerning items brought into the country by foreign students.

The administrative regulations on luggage belonging to non-resident students which will go into effect in January, 1992, apply to the foreign students, Overseas Chinese students, and students from Hong Kong, Macao and Taiwan, who are officially enrolled in colleges in China for a period of one year or more.

The regulations stipulate that the luggage limit for students entering the country depends on the necessities required for both normal life activities and study during the students stay in the country. Each time a student enters the country he or she is allowed to carry a maximum of 400 cigarettes, or 100 cigars, or 500 grams of tobacco. The maximum limit for liquor is 1.5 liters, and students are prohibited from bringing automobiles or motorcycles to China.

Students who find it necessary to transfer possession of goods they have brought into the country should apply to customs for approval.

The new regulations will negate all present rules on customs procedures for foreign students and the administrative rules on luggage of Overseas Chinese students and students from Hong Kong, Taiwan and Macao.

**Lawyers Extending Legal Services Overseas**

*OW1812152791 Beijing XINHUA in English  
1422 GMT 18 Dec 91*

[Text] Dalian, December 18 (XINHUA)—Lawyers in China now offer legal services in many Western countries as well as Southeast Asia, the Soviet Union, and East European countries.

Chinese lawyers provide a number of services to foreign investors, including helping them to find a Chinese partner. They also help Chinese enterprises to recover debts in foreign countries, and provide legal services to Chinese funded enterprises who undertake lawsuits overseas.

Lawyers in China also act as legal advisers for foreign investors and as notaries for investors who sign labor export contracts with China.

At present, lawyers in Guangzhou, Shenzhen, and Zhuhai cities in south China, Xiamen city in the southeast, and Dalian city in the northeast, provide such services.

Guangzhou, Shenzhen and Zhuhai, the country's first cities to open to the outside world, have developed cooperative partnerships which provide legal services in 24 countries and regions.

The cities have also signed contracts with the United States, Japan, Australia, Britain, Hong Kong and Macao and will send lawyers to those countries and regions for training.

China now has some 20,000 lawyers, or approximately 16 out of every one million people.

**Inaugural Issue of Legal Newspaper Set for Jan**

*OW1812145591 Beijing XINHUA Domestic Service  
in Chinese 0803 GMT 18 Dec 91*

[“FAZHI WENCUI BAO Is Inaugurated”—XINHUA headline]

[Text] Beijing, 18 December (XINHUA)—Beginning from January of next year, the inaugural issue of FAZHI WENCUI BAO [Newspaper of Collected Digests of Articles on the Legal System], the first newspaper carrying digests of articles on the legal system in China, will be published at home and abroad.

FAZHI WENCUI BAO, which is sponsored by the Fazhi Ribao Publishing House, will select extensively from excellent news articles on the legal system published at home and abroad, and will take a general look at the new aspect of development of the legal system at present in order to promote the building of socialist democracy and the legal system.

It is a quarto newspaper with four pages published once a week. It contains more than a dozen columns with quotable gems from political commentaries, new vistas,

explanation of laws with reference to concrete cases, legal tidbits, and so forth; it disseminates from different aspects information concerning important domestic political and legal affairs, focal social and legal issues, developments in the study of theories of legal science, and important international news on legal systems.

At a forum held today to celebrate its inaugural issue, some experts gave the following comments on the trial issue of FAZHI WENCUI BAO which was just published: It contains a large amount of information, is of high quality, and strives to combine ideological content with knowledge and entertainment; it is, therefore, conducive to further promoting the campaign of propagating legal knowledge.

**Economic & Agricultural****Further on Jiang, Others Visiting Special Zones****Talks With Shantou Leaders**

*HK2312111791 Beijing RENMIN RIBAO in Chinese  
19 Dec 91 p 1*

[XINHUA report: “Jiang Zemin Meets Shantou City Party, Government, Military Leaders”]

[Text] Shantou, 18 Dec (XINHUA)—In the Shantou City Guesthouse this morning, CPC General Secretary Jiang Zemin cordially met with Shantou City CPC, government, and military leaders; some veteran comrades; and principal persons in charge of counties and prefectures. A group photograph was taken.

Present at the meeting were: Tian Jiyun, CPC Central Committee Political Bureau member and vice premier of the State Council; Wen Jiabo, CPC Central Committee Secretariat alternate member and director of the Central Committee Office; Ye Xuanping, Chinese People's Political Consultative Conference National Committee vice chairman; and Xu Huizi, deputy chief of staff of the Chinese People's Liberation Army.

After the group photograph, Jiang Zemin delivered a speech. He said: The Shantou Special Economic Zone [SEZ] has been expanded. No matter how it adjusts its administration region, everyone should focus on one common goal, run the special zone better, and develop the economy as soon as possible. Persistence in reform and opening up is the general trend. People in the entire Chaoshan Prefecture, be they within or outside the SEZ, should make common efforts for better management of this zone.

Also participating in the meeting and the group photograph were comrades in charge of Central Committee and state organs, including He Chunlin, Wu Jinghua, Liu Jiang, Li Zhue, and Teng Wensheng; comrades in charge of Guangdong Province, including Xie Fei and Lin Ruo; Ren Zhongyi, member of the Central Advisory Commission; Zhu Dunfa, commander of the Guangzhou Military

Region; and Zhang Juhui, commander of the Guangdong Provincial Military District.

### Urge Running Shantou Well

HK2012094991 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 19 Dec 91

[Text] Prior to his departure from Shantou, CPC Central Committee General Secretary Jiang Zemin stressed yesterday morning: No matter how the Shantou administrative division will be readjusted, everyone should work for one purpose, that is, successfully running the special economic zone [SEZ] to improve economic development. Persisting in reform, opening up to the outside world, and running well the SEZ are part of a general trend. No matter if a locality is included in the SEZ or not, Chaoshan Prefecture as a whole should make concerted efforts to run the SEZ well.

Comrade Jiang Zemin made the above statement when meeting with leading members from five Shantou city leading bodies, the Shantou military subarea, and various Shantou counties and districts.

Also present were leaders from central offices concerned Tian Jiyun, Wen Jiabao, Ye Xuanping, (Yu Dechi), and He Chunlin, as well as responsible members from Guangdong Xie Fei, Lin Ruo, Ren Zhongyi, Zhu Dunfa, and (Zhang Chenghui).

After the meeting, Xie Fei, Guangdong Provincial CPC Committee secretary, encouraged Shantou's leading cadres to work hard to run the SEZ well in accordance with General Secretary Jiang's instructions. In the face of a new situation, he went on, party committees and governments at all levels must conduct well ideological and political education for cadres and the masses. They should put the general interest above all, close ranks, observe discipline, and work together to run well the SEZ and promote development in Chaoshan Prefecture.

### Meets University Teachers, Students

OW1912202891 Beijing XINHUA Domestic Service in Chinese 0842 GMT 19 Dec 91

[“Jiang Zemin Attends Discussion With Xiamen University Teachers and Students, Expressing the Party Central Committee's Full Trust in the Young Generation (by reporter Wang Weizhong (3769 3555 0022))”—XINHUA headline]

[Text] Xiamen, 19 December (XINHUA)—At a discussion session with representatives of teachers and students of Xiamen University today, General Secretary Jiang Zemin said unequivocally: The party Central Committee holds great expectations for the young generation, fully trusts them, and has confidence in them.

The general secretary made a special trip to the university in the midst of a tight schedule for celebrating the 10th anniversary of the establishment of the Xiamen Special Economic Zone. When he arrived at the school at

about 0800 this morning, he was given thunderous applause by large numbers of teachers and students who lined the street. [Beijing XINHUA Domestic Service in Chinese at 1616 GMT on 19 December transmits a replacement version of the report on Jiang Zemin meeting with Xiamen University teachers and students, discarding the earlier version. The replacement version renders foregoing sentence as follows: ...who lined the street in high spirits. After viewing the.... (adding words "in high spirits")] After viewing the Lu Xun Memorial Hall, the general secretary gave a cordial talk to representatives of teachers and students.

After listening to speeches by teachers and students, Jiang Zemin said unequivocally: The party Central Committee holds great expectations for the young generation, fully trusts them, and has confidence in them. Occasional strong words were intended to inspire young people. [The Beijing XINHUA Domestic Chinese 1616 GMT replacement version renders foregoing sentence as follows: ...confidence in them. The strict demands placed on them are intended to inspire them. Who will be.... (rephrasing sentence)] Who will be in charge of the future world? It is the young generation! He especially pointed out that the young generation shoulders a very heavy responsibility. To feed and clothe 1 billion people is no easy task! We are now all working hard to do our bit. [The Beijing XINHUA Domestic Chinese 1616 GMT replacement version renders the foregoing sentences as follows: ...very heavy responsibility. Realization of the gigantic goal of the socialist modernization drive requires the hard efforts of the people of the entire country and much more determination by young people to contribute their efforts. My current trip.... (rephrasing)] My current trip is to convey these expectations.

Jiang Zemin emphasized that young people should withstand necessary tests. He said: I was a student. Life is never plain sailing for anyone. Twists and turns are unavoidable. He encouraged young people to set high goals and “scale new heights.”

Jiang Zemin also emphasized that young people should study hard. [The Beijing XINHUA Domestic Chinese 1616 GMT replacement version renders portion from foregoing paragraph, end of third sentence, as follows: ...sailing for anyone. Certain twists and turns experienced by young people are not bad for their own growth. He encouraged young people to set high goals. They should study.... (rephrasing, deleting sentence)] They should study and devote themselves to their profession. They should also integrate what they have learned with reality and theory with practice. This should be a general rule for all trades and professions.

Jiang Zemin expressed heartfelt gratitude for their assiduous work. He said: Education is a great undertaking. Only when education is improved will the country become prosperous. [The Beijing XINHUA Domestic Chinese 1616 GMT replacement version renders foregoing sentence as follows: ...a great undertaking. History has shown that we must improve education so that the

country can become prosperous. China has 50 million.... (rephrasing) China has 50 million party members and 1.1 billion people. So long as we uphold the four cardinal principles, persist in reform and opening, and concentrate on efforts to improve the economy, China will be able to stand on its own feet in the forest of world nations. [The Beijing XINHUA Domestic Chinese 1616 GMT replacement version renders foregoing sentence as follows: ...long as we continue to resolutely implement the party's basic line of "one center, two basic points" and concentrate on efforts to improve the economy, China will always be able to stand on its own feet in the forest.... (rephrasing)]

At the end of the 50-minute discussion, the general secretary repeated with all eagerness: Young people should foster noble ideals, imbue themselves with an enterprising spirit and lofty sentiment, and persist in integrating theory with practice. [The Beijing XINHUA Domestic Chinese 1616 GMT replacement version renders foregoing sentence as follows: ...foster noble ideals and imbue themselves with an enterprising spirit and lofty sentiment. He also asked the school.... (deleting words "persist in integrating theory with practice")] He also asked the school administrators to convey his regards to all teachers, students, administrative personnel, and workers: Relay a message to young people that the party Central Committee fully trusts them.

While the discussion was going on, a big crowd of students converged in front of the administrative building, hoping to get another glimpse of the general secretary. Loud applause burst out when he went down the stairs and entered the car. The students parted reluctantly with the general secretary who, smiling, also waved his hand to bid good-bye.

The university teachers and students were inspired enormously by the general secretary's visit. One after another, they pledged to adhere to the correct political orientation and learn more skills to serve the motherland. They also pledged to contribute to the prosperity of the socialist motherland in a realistic spirit of making innovations and with the tenacity advocated by Mr. Lu Xun, so as not to betray the heavy historical task and to live up to the solicitude and expectations of the party Central Committee.

Accompanying Jiang Zemin on the visit to Xiamen University were Wen Jiabao, alternate member of the Secretariat and director of the General Office of the CPC Central Committee, and responsible comrades of the relevant central departments, as well as Fujian Province and Xiamen City.

#### Attends Xiamen Bridge Opening

*OW2012002891 Beijing XINHUA in English  
1519 GMT 19 Dec 91*

[Text] Xiamen, December 19 (XINHUA)—The Xiamen Bridge in southern China's Fujian Province opened to traffic today.

Chinese Communist Party General Secretary Jiang Zemin cut the ribbon at the opening ceremony.

The 6,500-m bridge is China's longest span bridge. It consists of four parts, including trunk, approach, flyover and management system. The trunk bridge is 2,070 m long.

The completion of the bridge will greatly ease traffic congestion on the Gaoqi-Jimei seawall and is of significance to Taiwan investors in the province for the development of Haicang and Xinling investment zones.

Tian Jiyun, vice premier and a member of the Standing Committee of the Political Bureau, also attended the opening ceremony.

#### Tian Jiyun on Overseas Flood Aid

*OW1712012191 Beijing XINHUA in English  
1557 GMT 16 Dec 91*

[Text] Shantou, December 16 (XINHUA)—Foreigners exhibited great sympathy and donated greatly to the flood relief effort on the Chinese Mainland during this summer's heavy flooding.

The generous foreign contributions will be remembered forever by Chinese people and Government, according to Vice-Premier Tian Jiyun. Tian expressed the gratitude on Monday evening during a speech to a group of Chinese and foreign journalists in Shantou.

Tian is in the city to attend a ceremony marking the 10th anniversary of the founding of the Shantou Special Economic Zone (SEZ).

Tian spoke highly of the achievements made by the SEZ over the past decade, saying that development of the country's special economic zones will continue and, in fact, will be increased.

The vice premier also cited bettering economic relations across the Taiwan Straits. He urged Taiwanese authorities to join efforts to open direct air and shipping services, and telecommunications and trade between the two sides of the straits.

#### Tian at Xiamen Joint Venture Openings

*OW2012002791 Beijing XINHUA in English  
1515 GMT 19 Dec 91*

[Text] Xiamen, December 19 (XINHUA)—Construction of two large Sino-foreign joint ventures started today in the Xiamen Special Economic Zone (SEZ), which is located in south China's Fujian Province.

Meanwhile, another large Sino-foreign joint venture went into production.

The first two ventures are the Zhonglu Vegetable Oil Corporation and the Xiamen Zhengxin Rubber Industrial Corporation while the other is the Xiashun Aluminum Foil Corporation.

The arrival of the new joint ventures have attracted a great deal of public attention, and their opening ceremonies were attended by a number of state officials currently in the zone on an inspection tour.

The 80 million yuan Zhonglu Vegetable Oil Corporation is a joint venture between the China Vegetable Oil Company, the Fujian Grain Store and Transportation Company, the Xiamen SEZ Oil and Foodstuffs Import and Export Company, and the Kouk Brothers Limited of Malaysia. Kouk Brothers owns the Shangri-la Hotel in Beijing and the International in Hangzhou.

Vice Premier Tian Jiyun attended the inauguration ceremony for the corporation. The corporation's facilities are connected to the SEZ by a railway, and a pipeline terminal located in Dongdu Harbor. When completed the enterprise will produce 150,000 tons of vegetable oil annually.

The Xiamen Zhengxin Rubber Industrial Co Ltd, which is a subsidiary of the Zhengxin Rubber Industrial Co Ltd from Taiwan, is located in the Xinglin Development Zone for Taiwanese investors.

The company, which is the island's largest producer of tires, required a total investment of 20 million U.S. dollars during the first stage of construction. The company which is also the largest project ever built on the mainland with funds from Taiwan will export 70 percent of its annual production of 20 million tires.

The chairman of the corporation said that the second stage construction of the project will begin in the near future.

The Xiashun Aluminium Foil Corporation, is a joint venture between the Fushun Aluminium Plant and Daching Enterprise Corporation From Hong Kong. The 170 million yuan enterprise will produce some 4,000 tons of aluminum foil annually, and 33 percent of its products will be exported.

#### Jiang Zemin, Others Greet Export Exhibition

OW2112090391 Beijing XINHUA Domestic Service  
in Chinese 0122 GMT 21 Dec 91

[By reporter Zhang Yi (1728 3015)]

[Text] Beijing, 21 Dec (XINHUA)—A grand national exhibition on achievements of export commodity production bases opened at the China International Exhibition Center in Beijing this morning. Jiang Zemin, Li Peng, Chen Yun, Li Xiannian, Wang Zhen, Tian Jiyun, and Bo Yibo wrote inscriptions for, and sent congratulations to the exhibition.

The exhibition was jointly organized by the Ministry of Foreign Economic Relations and Trade, the State Planning Commission, the China Council for the Promotion of International Trade, the Bank of China, and the People's Construction Bank of China. The exhibition,

which provided a grand occasion for reviewing achievements in the construction of nationwide production bases for foreign trade and export commodities, is the largest ever held since the founding of New China and carried the most extensive exhibits. Over 2,300 enterprises participated in the exhibition, and over 10,000 types of commodities were displayed.

#### Li Peng Attends Technical Progress Meeting

OW2212214991 Beijing XINHUA Domestic Service  
in Chinese 1319 GMT 22 Dec 91

[By reporter Xu Yaozhong (1776 5069 0022)]

[Text] Beijing, 22 Dec (XINHUA)—A national conference on technical progress of enterprises, convened with the approval of the State Council, successfully ended after completing the scheduled tasks today. The conference called on all local governments and departments to regard enterprise technical progress as an important item on their agenda and to incorporate technical progress into the endeavor to readjust structure and improve efficiency of enterprises in a true sense. By doing this, China's state-owned large- and medium-sized enterprises can scale new heights in their production technology within a couple of years and make new contributions toward achieving sustained, steady, and coordinated development of the national economy.

The conference, which opened on 13 December, was sponsored by the State Council's Production Office together with the State Planning Commission, the Finance Ministry, the Chinese People's Bank, and the Industrial and Commercial Bank. It was attended by over 500 leaders of people's governments and senior officials of the economic (planning and economic, and production) commissions, finance departments, people's banks, and industrial and commercial banks in all provinces, autonomous regions, municipalities, and cities with independent economic decision-making authorities, and responsible comrades of the State Council departments concerned. The main purpose of the conference was to implement the guidelines of the September Central Work Conference and the Eighth Plenary Session of the 13th CPC Central Committee and to study especially the following four issues:

1. Achieve unity in thinking, enhance understanding, and clearly define structural readjustment and improved efficiency—focused on state-owned large- and medium-sized enterprises—as the central tasks of technical progress for the next few years.
2. Implement the relevant policy measures adopted recently by the State Council for promoting technical progress of enterprises.
3. Study, in accordance with the arrangements in the Eighth Five-Year Plan, concrete measures for carrying out projects on technological development, technical transformation, technology importation and assimilation, and the linking of overstocked products reduction

to loans in the first three years—especially measures for coordinating and arranging next year's technical transformation projects.

**4. Study and map out arrangements for work related to next year's industrial production and transportation and communications.**

During the conference, Premier Li Peng attended a discussion with some participants of the conference. In an important speech at the discussion, the premier pointed out: Technical progress is the key to improving state-owned large- and medium-sized enterprises. All local governments and departments should take firm and effective measures to promote technical progress of enterprises. Vice Premier Zhu Rongji made an important speech at the conference, which was entitled "Effectively Readjust Structure, Promote Technical Progress, and Transform Operational Mechanisms for Improving the Performance of State-Owned Large and Medium Enterprises." State Councillor Wang Bingqian also spoke at the discussion. Some veteran comrades, who had long worked at leading posts of the economic departments, offered constructive suggestions for technical progress.

After thorough discussion, the conference's participants decided on the focuses and fighting goal of enterprise technical progress in the first three years of the Eighth Five-Year Plan. The focuses are as following: Technological upgrading should be concentrated on conserving energy and lowering consumption, developing new products, raising product quality and grade, and increasing exports and saving foreign exchange; technological development, technology imports, and technical transformation should be closely combined so scientific and technological advances can be transformed into productive forces as quickly as possible; funds should be concentrated on supporting a number of key projects having advanced international standards and large-scale profits; and all localities should, to utilize their advantages, develop one or several key projects and products. The fighting goal is to strive to halt the current deficits and begin to earn profits within three or more years. Large- and medium-sized enterprises already making profits should further improve their performance and bring into full play their leading role in the national economy.

The conference participants studied in depth the guidelines of the September Central Work Conference and the Eighth Plenary Session of the 13th CPC Central Committee. On the basis of summarizing and repeatedly studying the experiences in technical progress during the past few years, they decided on the following principles for selecting projects on technical progress: In prioritizing, it is necessary to adhere to the principle that existing projects should set the precedent for new projects; it is necessary to guarantee that existing projects have advanced technology, a ready market for products, and notable performance with sufficient funds in line with the industrial policy so such projects can be completed and put into operation as quickly as possible; it is necessary to adopt a wait-and-see attitude and

regularly make available funds and loans for uncertain projects that have a ready market but unimpressive performance; loans should cease in line with the industrial policy for projects having no ready market for products; as for new projects, it is necessary to select reliable projects, work out a reasonable construction schedule, and withhold projects without sufficient financial resources. In line with these principles, a number of technical progress projects were tentatively decided upon after discussions among the departments, local governments, and banks during the conference. Efforts will be organized to carry out these projects as soon as possible after the conference. Projects on technology development and importation will also be decided on and carried out as soon as possible.

According to the participants, the leaders of the State Council attached great importance to and adopted clear-cut guidelines and effective policy measures for the conference, which was convened in a serious atmosphere and highly efficient and clean spirit. The conference participants were very delighted and inspired by the service, approach, and clean administrative style demonstrated at the conference. Many participants pledged to implement earnestly the policy measures adopted by the government to support technical progress of enterprises despite financial difficulties. Moreover, some officials of the local governments said: In the past, conference participants focused attention on trying to get projects for themselves, whereas at the current conference, its participants recognized the importance of selecting reliable projects. These officials said that after returning to their localities, they will concentrate efforts on conducting fact-finding studies for reliable projects to make the best use of their limited financial resources. Officials from Jiangxi said: From now on, Jiangxi will not carry out the following four types of projects: projects that do not comply with state industrial projects; projects that are duplicated by other prefectures, cities, and counties in Jiangxi; low-quality projects that do not help raise the technical standard of enterprises and technological composition of products; and unrealistically big projects beyond the financial and technical capabilities of a prefecture, city, or county. Furthermore, the Jiangxi officials pledged to proceed from the overall interests and take the initiative to cooperate with other provinces in completing the existing urgent projects in Jiangxi so they can yield large-scale profits as quickly as possible.

Before the closing, Comrade Zhu Rongji gave an important talk on questions raised by the conference participants.

The conference urged representatives of various local governments and departments to report promptly to the provincial, autonomous regional, municipal, and city party committees and governments about the guidelines of the conference and earnestly implement the guidelines in the light of realities in each locality or department to score great successes in technical progress of enterprises.

**Zhu Rongji Urges Structural Reform**

HK2312111991 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1049 GMT 22 Dec 91

[By Tian Huiming (3944 1920 2494): "Vice Premier Zhu Rongji Talks About Structural Reform of Enterprises at National Meeting on Technological Progress of Enterprises"]

[Text] Beijing, 22 Dec (ZHONGGUO XINWEN SHE)—Speaking at a national work conference on technological progress of enterprises held the other day, State Council Vice Premier Zhu Rongji said: The reform of the labor, personnel, and distribution systems are some of the key areas as well as tough issues in the structural transformation of enterprises. We have to deal with these problems next year.

He said: As long as the operational structure of enterprises is not transformed, more and more problems will accumulate while the difficulties will grow bigger. We should cut the Gordian knot, seize the key points, and sort things out.

Zhu Rongji stressed the importance of transforming the operational structure of enterprises. He said: If the structure is not transformed, enterprises are dependent on the state, and employees and workers dependent on enterprises. With everyone eating from the same big pot, however excellent the external conditions may be, it will be useless.

He said: If an enterprise is not well-managed and loses money, it must not distribute bonuses or cash incentives. If it continues to lose money, it must cut the salaries of its cadres and workers. If its debts exceed its capital, it will have to be closed down. Unless such a mechanism is established, how can an enterprise function well!

Zhu Rongji cited an example: Xuzhou City either dismisses or demotes managers of plants which are not vigorous in reversing their deficit situations. Some 32 plant managers and assistant managers have already been dismissed or demoted. The salary grades of all cadres and workers of 23 enterprises which lost money for six consecutive months were demoted by one rank. Operations of more than 20 enterprises were suspended and restructured because of the stockpiling of products and of mismanagement. After these steps were adopted, the mental attitudes of the cadres and workers of these deficit enterprises underwent a great transformation, while production and operation also began to improve.

Zhu Rongji pointed out: Right now, there are some localities which dare not act on anything. They dare not act on the closure, suspension, merger, and transformation of enterprises, on incompetent leaders of enterprises, and on workers' bonuses and cash incentives. As a result, the enterprises lose money, but continue to give out bonuses, even to the extent of borrowing money from banks in order to pay out the bonuses. While "stability is

the overriding task," it is necessary to have a dialectic and positive attitude toward this "stability."

Zhu Rongji maintained that given the current stability in the political situation, stepping up the degree of reform to restructure enterprises is consistent with popular will. Not only will it not affect social stability, but will also bolster the vigor of enterprises, raise efficiency, promote production, and genuinely stabilize society and consolidate the socialist system.

The national work conference on technological progress opened in Beijing on 13 December. On the 20th, Zhu Rongji delivered a lengthy report entitled: "Vigorously Undertake Restructuring, Promote Technological Progress, Transform Operational Structure, and Do a Good Job With Large and Medium State-Run Enterprises" at the conference.

State Council Premier Li Peng met with the delegates to the conference at Zhongnanhai on the 21st and also made a speech where he gave directives concerning future undertakings.

The meeting concluded today.

**Li Peng on Tasks of Construction Industry**

OW2012235691 Beijing XINHUA Domestic Service  
in Chinese 0946 GMT 20 Dec 91

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391) and XINHUA reporter Xu Yaozhong (1776 5069 0022)]

[Text] Beijing, 20 December (XINHUA)—Premier Li Peng met with representatives to a national construction and engineering work conference in Zhongnanhai yesterday. He urged leaders at all levels and workers at large on the construction front to heighten their spirit, work hard, and take concrete action to meet new challenges in the construction industry, to contribute more to boosting the overall national strength and improving the living conditions of the people in the final decade of this century.

The national construction and engineering work conference opened in Beijing on 16 December. The main purpose of the conference is to summarize the achievements and experiences of the construction work in the 1980's; study and define the goal, tasks, and relevant policy measures of the construction work in the 1990's; and map out arrangements for the work of especially the next two years. At the beginning of the meeting, Construction Minister Hou Jie gave a briefing on the overall progress of the work conference and primary demands for the construction work in the next decade. Then, Gan Yuping, chairman of the Sichuan Provincial Construction Commission, spoke; Zhang Jiayao, a deputy director of the Hydroelectric Construction Corporation; Zong Xihuan, chairman of the Shandong Provincial Construction Commission; and Chen Xuezhu, chairman of the Dalian City Construction Commission respectively

spoke on the development of the building trade and contracting of foreign engineering projects, the management of a pumped storage power station in Guangdong, key construction projects and comprehensive development of urban housing and real estate, and overall improvement of the urban environment.

After listening to the briefing and speeches, Premier Li Peng spoke.

Fully confirming the remarkable achievements scored on China's capital construction front during the more than a decade of reform and opening, Comrade Li Peng pointed out: National economic development, the improved livelihood of the people, and increases in the overall national strength are inseparable from the efforts of comrades on the construction front.

Li Peng said: The number of construction projects undertaken during the past 10 years far exceeded the total projects for the previous three decades. A large number of key projects related to energy, communications, and raw materials production have been completed and put into operations, while marked progress has been made in the construction of municipal utilities and residential quarters. The engineering design and construction quality have been improved, and a number of modern construction projects have approached or reached the advanced international level. Li Peng emphasized: To strengthen the mobility and vitality of construction enterprises, we have, in addition to reforming the investment system and diversifying investment funds, introduced the mechanism of competition, implemented public bidding system, and replaced the method of administrative assignments of construction tasks. Li Peng pointed out: Reform and opening have stimulated progress and development in the construction industry.

Li Peng said: China faces arduous construction tasks in the 1990's, a decade which will see another upsurge in construction exceeding the 1980's both in terms of scale and technical requirements. In the coming decade, China will not only strive to quadruple the 1980 gross national product but will also lay the groundwork for even greater development during the next century. Great attention will be paid to the rational allocation of resources during the 1990's, as well as to the implementation of the state industrial policy in construction projects, focused on the strengthening of construction in basic industries such as energy, communications, raw materials production, and water conservation. In the processing industry, we should apply scientific and technological advances to upgrade products and cope with domestic and international market demands. In carrying out new projects and upgrading technology, we should guard against aimless construction and low-quality redundant projects. Adequate preparations should be made for each project, seeing to it that the conditions for construction are ripe and funds are thoroughly estimated without oversight. "Fishing" projects [projects without an assured source of funds] should not be carried out.

Once a project is launched, it should be carried out according to a rational construction schedule. Funds for housing construction can be shared by the state, enterprises, and individuals.

On demands for construction enterprises, Li Peng said: Like state-owned large and medium-sized enterprises, design units and construction enterprises should constantly invigorate their vitality. They should primarily deepen reform, practice public bidding and a tendering system in all fields, introduce the mechanism of competition in a true sense, and institute the system of holding each manager responsible for a project. Urging all members of the construction industry to attach importance to the quality and efficiency of each and every project, Li Peng said: We should persistently put quality above everything else, fostering an awareness of quality and stepping up quality control. We should stress efficiency and never be content with the engineering scale of a project which has been completed and put into operation within the investment budget. More importantly, we must see to it that the completed project reaches its designed capacity and produces quality products. In housing construction, we should step up efforts to build auxiliary facilities so that houses completed can be occupied as soon as possible to the satisfaction of their residents. The quality of construction workers should be improved. They should have not only high professional and technical standards but also good professional ethics. It is necessary to attach importance to fostering credit for construction enterprises. Construction workers should cooperate with each other at work, refrain from endless wrangling, and try their utmost to spot defective equipment in the process of installation. To harness the enthusiasm of construction workers and alleviate their misgivings about practical problems, we should build a solid rear base which will provide the needs of everyday life, education, and the service sector. We should bring highly professional workers to the forefront to concentrate on construction of engineering projects.

Discussing the issue of urban construction, Li Peng stressed the importance of improving the living conditions of both urban and rural residents. He said: With the problem of food and clothing basically solved, the improvement of living conditions has become a pressing demand of the masses. By improving their living conditions, we can guide the masses in correct consumption. Improvement of living condition conforms with the popular feeling and is the hallmark of a more comfortable life. As for ways and means to ensure urban construction, Li Peng said: All large, medium-sized, and small cities should, first of all, formulate a rational and scientific plan. Second, they should guard against unrealistically high construction targets and pay attention to practical results. They should also build comprehensive auxiliary facilities, and develop housing installation and repair trades to satisfy the demands of different customers.

The premier called on leaders at all levels to strengthen guidance over construction of housing in rural areas,

strictly control housing construction which needlessly encroaches on large tracts of land, and appropriately develop high-rise buildings. He said: Both in urban and rural areas, an important task of the building trade is to construct modern, comfortable housing at the minimum cost. He praised the construction for their successful performance and encouraged them to bring into play their comprehensive functions and coordinating role.

Vice Premier Zhu Rongji, State Councillors Wang Bingqian and Chen Xitong, Secretary General Luo Gan, and officials of other relevant ministries and commissions of the State Council were present at the meeting.

### Article Views Shanghai Steel Plant Operations

*HK1212144591 Beijing RENMIN RIBAO in Chinese  
9 Dec 91 pp 1, 2*

[Article by staff reporter Zhang Shihong (4545 0013 7703): "Let Every Staff Member, Worker Share Enterprise's Burden—How Shanghai No. 5 Steel Plant Relies on its Workers To Run Plant"]

[Text] The experience of Shanghai No. 5 Steel Plant in relying on the working class to run the enterprise effectively has gained widespread attention in Shanghai entrepreneurial circles. At a symposium of persons in charge of Shanghai enterprises held on 11 October, Comrade Song Ping listened to a report from Shanghai No. 5 Steel Plant and spoke highly of its methods.

The Shanghai No. 5 Steel Plant is noted for its firm grasp of quality, variety, and efficiency. The past few years have been difficult years for Shanghai No. 5 Steel Plant in terms of operations but they have also been years when they have achieved the most outstanding accomplishments. Twenty-six of their products were cited for excellent quality by the state, ministry, and municipality. In 1990, the Shanghai No. 5 Steel Plant generated profits and taxes worth 178 million yuan; the figure this year will be higher. The plant's labor productivity of 440 million yuan makes it a front runner among the country's specialist steel industry as well as a model enterprise in Shanghai Municipality's efforts to "rely on the masses to achieve top quality." In 1989, it was cited as a grade one state enterprise.

A meeting was convened by the plant managers of 15 special steel plants from around the country at the Shanghai No. 5 Steel Plant in March 1987. What impressed this reporter most about the meeting was two statements by Hou Shutung, manager of Shanghai No. 5 Steel Plant: "Looking inward can help enliven the enterprise, and relying on the workers will produce countless ideas." The secret of success in Shanghai No. 5 Steel Plant is found in these two phrases. They also constitute the important strategic thinking which accounts for their accomplishments and which dictates all their undertakings.

Every enterprise is confronted by all kinds of problems, the causes of which are both external and internal. The

comrades from the Shanghai No. 5 Steel Plant maintained that while external conditions are important and should be ameliorated as much as possible, the enterprise cannot wait forever or it will be reduced to passivity. Even if external conditions were satisfactory, the enterprise cannot improve as long as its internal work is not carried out effectively. Hence, attention must turn inwards and the internal potential of the enterprise exploited if the initiative is to be seized. How should the potential be exploited? The arms must be stretched downward. This means stretching the arms toward the people, that is, the nearly 20,000 workers.

This reporter saw a flourishing scene at the Shanghai No. 5 Steel Plant. Eyes turned inwards and arms stretched downward. The state of mind of the people was indeed different. The staff members and workers there took an active part in administration and decisionmaking as everyone displayed keen interest in the fate of the enterprise. Everyone took a hand at quality control and made suggestions whenever a problem cropped up. The party committee secretary and the plant manager worked with great initiative and exhibited no signs of chaos. In 1989 and 1990, the people came up with a total of 1,899 proposals on rationalization which generated profits of 19.2 million yuan; the people's quality control team produced 979 results and earned profits worth 3.78 million yuan.

There was one unforgettable incident: One August day in 1989, the electricity in the No. 1 Steel Mill Subplant was suddenly cut off. Fourteen tons of molten steel inside the steel smelter had to be poured into moulds. If not handled promptly, this would solidify inside the smelter, causing enormous losses. The subplant workers behaved like masters of their own fate and boldly climbed 17 meters upward to reach the generator. There, using their bare hands, they pushed the motor and forced the 60-ton generator to operate. They were able to save some 40,000 yuan worth of high grade steel alloy. For this, they received neither cash reward nor administrative order. Why then did they do it? The workers said: "We did so for no other reason but for the workers of No. 5 Plant!" I have heard of many similar tales in No. 5 Plant.

The year 1989 was a most difficult one for the Shanghai No. 5 Steel Plant. Raises in the price of raw materials created a large gap in the enterprise's economic performance. With costs expected to rise and completion of the contracted base number assigned by the superior unlikely, what was to be done? Not only were the leaders of the plant anxious, so also were the workers who visited the union frequently to present ideas and proposals. The enthusiasm of the staff members and workers inspired the plant's union to set up a "joint interest body" whose objective was to translate the concern and enthusiasm of the staff members and workers for the enterprise into a form of agreement so that they could share risks and overcome hurdles together with the plant's leaders.

"Joint interest body—I fully support it," plant manager Hou proclaimed without hesitation.

Plant manager Hou came to this post following his election by the workers' representatives of the plant in 1983. He was the first democratically-elected plant manager since Shanghai No. 5 Steel Plant was founded and was reelected to his position. He told this reporter emotionally: "The boundless trust that the staff workers and employees have placed in me makes me rely on them even more. Only by so doing will I not fail the 20,000 pairs of arms which support me and the 20,000 pairs of eyes which watch over me." This is the state of mind that a socialist entrepreneur should possess. It is also this type of manager-employee relationship which manifests the enormous superiority of the socialist enterprise.

With such a team, how can any internal problem not be resolved?

After thorough discussions and deliberations from top to bottom, the "Agreement on a Joint Interest Body at Shanghai No. 5 Steel Plant" was born. The document clearly spelled out the duties and responsibilities of both employees and plant manager and the administrative leaders for the purpose of overcoming difficulties. At the signing ceremony, plant manager Hou said: "As plant manager, I shall endeavor to perform my duties according to the agreement and accept the supervision of the entire staff and personnel." To which the workers replied: "Since the plant manager takes us into consideration, we will share the enterprise's burden. These words carried great weight. If it is said that plant manager Hou had taken sole responsibility for any risks incurred by signing a contract with the municipal government in 1987, his signature today on the "Agreement on Joint Interest Body" means that the risks were now shared between him and the 20,000 staff members and employees.

The staff members and employees of No. 5 Steel Plant took the initiative to go into action. The entire factory's 2,300 units and teams worked together to devise ways to increase production and profits, lower costs, suppress expenditures, conserve energy, revise work techniques, and explore new avenues. After a year's hard work, they were able to accumulate 34 million yuan worth of savings through increases in production and profits and reductions in costs and expenditure. The gap was now filled. This year, the No. 5 Steel Plant was able to complete the production assignments and contracted base number designated by the state. "Shared responsibilities and risks and joint creation of economic results and benefits"—these words are already deeply impressed on the hearts and minds of the plant staff members and employees.

A very strict democratic management system has been set up in Shanghai No. 5 Steel Plant, enabling full implementation of a guideline which relies wholeheartedly on the working class.

The workers' congress enjoys genuine authority. Through the workers' congress, the plant's workers can exercise their rights to deliberate, supervise, and veto

major items concerning the enterprise. The plant manager has to implement seriously the conclusions adopted by the workers' congress regarding his decisions. He also has to deal conscientiously with resolutions presented by the workers' representatives. A system of patrol inspections by workers' representatives was also set up in the factory. Wherever the patrol inspectors go, the leaders of each department must make a report about their work, offer all kinds of relevant data and reference materials, and answer all questions. Problems which have been uncovered and reported to the factory's leaders were all dealt with appropriately.

The workers' representatives also have the right to supervise the cadres and carry out an annual democratic evaluation of the plant's more than 200 cadres above section level. The plant manager takes the lead in making a performance evaluation report to the workers' representatives and accepts the people's assessment and inspection. Outstanding cadres cited by the workers are rewarded by the plant leaders, while those who are widely criticized by the people or considered incompetent are criticized or even dismissed.

The leaders and the workers are all equal before the plant's rules and regulations. When an incident involving product quality occurred in the steel mill's subplant in 1989, all the concerned personnel had to assume responsibility and were given corresponding sanctions. The monthly cash bonuses of plant manager Hou, the plant's vice manager for technology, chief engineer, and quality control section chief were also withheld. While the incident caused a great shock in the factory, the reputation of the plant leaders did not go down but, instead, went up.

All undertakings have to be carried out in the units and teams, or, as the people at No. 5 Steel Plant say, the following will happen: "As the sun shines on the surface of the water the top level is hot, the middle level warm, and the lowest level cool." How should democratic management be implemented at the grass-roots level? The No. 5 Steel Plant initiated a system of "promotions through units and teams" where they drew up targets, made regular assessments, and defined different grades. This was a major innovation in the building of the enterprise's teams and units. The system is presently being promoted in other enterprises. At the same time, a system of democratic management of units and teams was also introduced to boost the employee's consciousness in exercising his or her democratic rights. Major factory events had to be discussed in every team and unit and the views represented to the superiors through the workers' representatives. The workshop heads also made regular reports to the units and teams in an attempt to promote transparency in running affairs.

Reliance on the working class naturally includes the intellectuals. Many of the workers' representatives were technicians whose various suggestions are highly valued and given due consideration by the plant leaders. Whenever the plant had a tough scientific and technological

issue to settle, it would refer the issue to experts with "clearly-marked renumeration" so that the project could be contracted by the scientific and technological personnel. At the same time, it strove to improve their working and living conditions. This was a big boost to the intellectuals who became bolder in their work, more emancipated in their thinking, and more positive in their undertakings.

The Shanghai No. 5 Steel Plant has a strong workers' union organization. The union naturally has to uphold the legitimate rights of the staff members and workers and, at the same time, it has to underscore the management authority of the plant manager. Do these two contradict each other? No contradiction whatsoever. By supporting the administration and maintaining unanimity in thoughts and actions, it was able to safeguard the fundamental interests of the staff members and workers more comprehensively and thoroughly. Today, the "two safeguards" idea has struck roots in the hearts of the people and serves as the yardstick for the common demands and actions of the plant's staff members and workers.

With strong administrative leadership and focus, and an efficient workers' union providing the link, the No. 5 Steel Plant CPC Committee can carry out its work with greater initiative. Liu Guosheng, party committee secretary, told this reporter: The work of the party committee is to unify planning, organize and coordinate, as well as supervise and examine. After every major event is discussed at the party committee meetings, all works are carried out jointly by the party, management, workers, and the Communist Youth League and are implemented along the mass line with the party members taking the lead. The party's building, education of party members, and ideological-political work of staff members and employees are immersed in the entire process of the economic tasks.

Along with the development of the situation, the Shanghai No. 5 Steel Plant finds itself at a new starting point in the endeavor to deepen reform of the enterprise's internal mechanism. The plant has already been listed as one of the eight major enterprises where experimental reform of the operational mechanism is to be carried out. The objective is to establish a new and more dynamic mechanism with the capacity for self-accumulation, self-inspiration, and self-restriction and to improve further the labor and distribution system. A plan has already been drawn up by the plant leaders and submitted for discussion by the staff members and employees of the entire plant. The No. 5 Steel Plant may be expected to assume an even newer feature in the near future.

#### Editorial Hails 'Decision' on Agriculture

CM2312150291 Beijing RENMIN RIBAO in Chinese  
22 Dec 91 p 1

[“Text” of RENMIN RIBAO 22 December editorial:  
“The Only Way for Invigorating Agriculture”]

[Text] Beijing, 21 Dec (XINHUA)—The "Decision of the CPC Central Committee on Further Strengthening Agriculture and the Work in Rural Areas," adopted by the Eighth Plenary Session of the 13th CPC Central Committee, has given a scientific summation of reforms in China's agriculture and rural work and pointed out the direction of the work and the bright prospects for further deepening the reforms and invigorating Chinese agriculture. The "decision" is a programmatic document whose implementation will definitely open up a new prospect for the Chinese countryside.

Since the Third Plenary Session of the 11th Central Committee was convened, we have found a correct road for building a new socialist countryside with Chinese characteristics. It was not at all easy to find this correct road, which symbolizes the fruitful results of our hard work of exploration over a long period.

China is a vast country closely linked to farming. Most of its territory consists of rural areas; the overwhelming majority of its citizens are farmers; and agriculture is the foundation of the national economy. Our party has consistently attached importance to rural areas, farmers, and agriculture. The peasants' problems have always been a major issue of revolution and construction in China. A series of important theses written by Comrade Mao Zedong in this aspect has formed a major component of Mao Zedong Thought.

During the years of revolutionary war, our party correctly handled the problems of rural areas and peasants, thereby winning the great victory in the New Democratic Revolution. During the period of socialist revolution and construction, the party again led peasants in continuously carrying out new searches, accumulating many successful experiences, and drawing quite a few lessons.

For several thousand years, the Chinese countryside had always been operated on a small-scale peasant economy based on private ownership of land. Such an operational method not only failed to help peasants shake off poverty and exploitation but also continually caused polarization and new poverty and exploitation. After liberation, the party led peasants in overthrowing the feudal system of exploitation, and proceeded to practice collectivization and public ownership of land and of other basic means of production, thereby completing the socialist transformation of agriculture. This direction is entirely correct and has produced fruitful results. However, for a fairly long period of time, excessive control over rural collective economic organizations and egalitarianism in distribution had dampened the peasants' production enthusiasm and impeded the development of productive forces in the countryside. How to harness fully the peasants' production enthusiasm under the premise of upholding the socialist direction became an outstanding problem that had bothered us for a long time.

The introduction of the responsibility system with household contracts linking remuneration to output as the main form has easily solved the long-standing knotty

problem. This is a great innovation of Chinese peasants led by the CPC. It is precisely because this basic policy is upheld and perfected continuously that the period encompassing more than the past decade has seen the rural economy grow the fastest and has become a period with the most conspicuous improvement in peasants' living standards and the most abundant supply in farm and subsidiary product markets since the founding of New China. Rural reform and development have given a strong impetus to reforms in cities and the development of the national economy as a whole and have effectively guaranteed social stability.

The system of household contract linking output to remuneration is invincible because, under the premise of public ownership, contracting out land to peasants for management can fully arouse their enthusiasm in carrying out intensive and meticulous farming while preventing the emergence of polarization and gradually realizing common prosperity of peasants. Contract management by peasants is a tier of operations in the rural collective economy, and it means neither parceling out land to peasant households for individual farming nor having everyone eat from the same big pot. Facts show that the household contract responsibility system is successful, socialist oriented, and suitable to China's national conditions. The system should be stabilized and continuously improved in the course of practice.

Household management is an indispensable—but not the only—tier of operations in the rural collective economy. Collective management should be another indispensable tier when something cannot be handled or effectively handled by a single household. The village and township industry is the hope of the countryside. Without the development of village and township industry, it is impossible to realize agricultural modernization. While absorbing large numbers of rural labor forces, village and township enterprises can also provide funds, technology, and equipment for agriculture. The development of the rural economy, especially agricultural production, will demand social services from various sectors, not from a single household, and some services cannot be undertaken by a unit or locality. The economy is an organic entirety. To establish gradually a complete socialized service system for providing various services to rural areas and peasants is an objective demand of the development of rural economy.

The service trade can be run by the state or individuals, but it should be run mainly by collectives. In the future, we should continue to develop vigorously the collective economy in rural areas to serve agriculture while boosting the strength of collective economy. Socialist agriculture should be based on the continuous development of the collective economy. It is necessary to pay due attention to the collective management tier.

The development of the collective economy is by no means "turning everything over to the big pile [gui da dui 2981 1129 1018]"; it should rely on the collective's own accumulation. Although we can collect funds from

people by taking certain actions, we should absolutely not practice egalitarianism and indiscriminately transfer resources, nor should we resort to forcible orders.

Ours is a vast country where local conditions differ greatly; therefore, we should not operate according to a uniform standard. The household contract linking output to remuneration is the main—but not the only—form of the responsibility system, and other forms should be allowed to exist. Policies should be implemented differently according to local conditions. Under no circumstances can a policy be successfully implemented through forcible orders. Self-liberation of the masses of people is a Marxist principle and a view of historical materialism. It is necessary to inspire self-consciousness of the masses, respect their will, and operate according to realities.

The "decision" points out: "It is necessary to continue to stabilize the responsibility system with the household contract linking output to remuneration as the main form, constantly perfect the dual management system that combines household with collective operations, actively develop the socialized service system, and gradually boost the strength of the collective economy in guiding peasants to take the road of common prosperity." This is the party's basic policy toward rural areas and the only road to invigorate agriculture.

#### **Report on County Organs Running Service Centers**

*HK1212045291 Beijing RENMIN RIBAO in Chinese  
29 Nov 91 p 2*

[Article by survey team under Research Department of State Council: "'Small Government, Extensive Service'—Investigation of How Agriculture-Related Departments of Shanxi's Xixian County Change Their Functions, Run Service Entities"; first paragraph is RENMIN RIBAO editor's note]

[Text] The successful attempt of Xixian County on "small government, extensive service" is well worth attention. Their running service entities which are based on administrative organs has not only solved the problem of overstaffing and organizational overlapping to a certain extent, but also successfully established a set of systems providing various services for agricultural development and production without increasing the size of their staffs or number of organizations and satisfactorily reversed the phenomenon that "Work needs hands in rural areas while hands need work in government organs." Comparing themselves with Xixian, how do those places which are busy expanding staffs before starting services feel? We suggest our comrades read this investigative report carefully and think it over in light of their own actual conditions, so that we can learn from each other on the road of reform and create even more and better experiences.

Xixian, situated in the mountainous areas in the south of Luliang Range in west Shanxi, has a total area of 2.213 million mu and a population of over 87,000. It is among

the 35 chronically impoverished counties in Shanxi Province. In 1987, the average per-head net income among the peasants in this county was 247 yuan and nearly 80 percent of its financial expenditure had to be covered by subsidy.

However, within a short space of three years, the county's economy had achieved "four doublings" by 1990: First, the total agricultural output value increased by 1.08 times over 1987; second, total grain output increased by 1.65 times; third, the peasants' per-head net income reached 509 yuan, up 1.06 times; fourth, revenue increased by 1.34 times. Xixian's economy developed so rapidly that it not only outstripped its surrounding poor counties by a big margin but also became one of a few best counties in the whole of Shanxi.

The main reason that Xixian could make such remarkable achievements in its economy within a short time is that after it was designated by the provincial authorities as a pilot county for comprehensive reform in 1988, it boldly reformed the county-level management system by consistently proceeding from local realities, changed the functions of agriculture-related economic and technical departments, established service entities, formed an agricultural socialized service system, pushed forward the development of five leading agricultural industries—namely, grain, oil, fruit, and tobacco production and animal husbandry—and found out through exploration a new approach to "small government, extensive service."

#### **Running Service Entities To Meet Needs of Rural Industrial Exploitation**

Xixian abounds in barren hills and slopes and has large areas of land, thus giving rise to great potential for exploitation. The total area of land suitable for agriculture in the county is 1.963 million mu, giving each member of the agricultural population 30 mu on average. There is an extreme shortage of capable hands in the forefront of agriculture and animal husbandry, yet the county government organs possess large numbers of economic and technological specialists in different professions. Not including teachers and doctors, the number of cadres in administrative units and institutions throughout the county totals 1,734, most of whom work in county-level administrative units and institutions. Among them, 60 percent received education at or above intermediate level. Because the system was not fluid, "work needed hands in rural areas while hands needed work in government organs," and an abnormal pattern of "big government, small society" came into being.

To tap the manpower potential of county-level organs and exploit the advantageous resources of the county, starting from 1988, Xixian established development service centers for agricultural technology, animal husbandry and related industries and commerce, production of flue-cured tobacco, fruit growing, agricultural machinery, science and technology, and farmland construction, centering around the five major industries of grain, oil, fruit, animal husbandry, and tobacco. Later, it

set up a service center for producing water for human and animal consumption. The centers offered compensated services and are run as economic entities. They were in three forms. First, some of them were established by changing the functions of government administrative departments, including five exploitation service centers in agricultural technology, forestry, science and technology, agricultural machinery, and farmland construction. These centers were combined with the original agriculture bureau, forestry bureau, science and technology commission, agricultural machinery bureau, and water resources bureau, with "one set of personnel but two different doorplates." Second, some of them were set up by breaking the boundaries of trades, such as the service center for developing animal husbandry and related industries and commerce, which was formed by merging the foodstuffs company and freezer house under the commerce bureau and the feed company under the grain bureau with the forage grass station, breed improvement station, and breeding station. Third, some of them were freshly set up by using the county's advantages in resources and these include service centers for developing fruit trees, flue-cured tobacco, and water for human and animal consumption.

Since the reform started three years ago, the rural work in Xixian has taken on a new look never before seen. Large numbers of cadres in county-level administrative units and institutions have been transferred to service entities, which has created extremely favorable conditions for activating the economic development of the entire county, reducing the administrative staff, and promoting organizational reform at the county level.

#### **Developing Serial Services, Gradually Expanding Socialized Service System**

The various development service centers, centering around leading industries, offered serial services before, after, and in the process of production, thus starting the socialized services on a high plane. Through rural service branches, the centers offered such services as provision of improved varieties, information, technical training, and supply of relevant production means before the production started; offered such services as planting, fertilizer application, breeding, crop protection, and epidemic prevention during the production process; and offered such services as purchase, processing, storing, transportation, and sales after production. Other development service centers, such as farmland construction, farm machinery, and supplying water for human and animal consumption, cooperated actively and offered such services as farmland water works construction, plowing, harvesting, transportation, building highways and bridges, and supplying water for production and daily living.

In the course of conducting varied serial services and developing and expanding the system of socialized services, they took care to grasp the following aspects of work:

—The leading force for the development of the service system was at the county level, and the economic and technological strength of the county-level service centers served to push forward the service work in rural areas. The essentials required by services, such as funds, materials, technology, and personnel, were all taken care of by the county-level service centers, which were responsible for such difficult links as purchasing, processing, storing, and selling products; organized county-level scientific and technological personnel to conduct services at the grass-roots level; and trained chief technicians. The result was that socialized services quickly took shape and the prospects were opened up on a county-wide scale.

—Rural service networks were set up to prompt the rural economic development in the whole county. The service centers for developing fruit-growing, production of flue-cured tobacco, and animal husbandry and related industries and commerce set up township and town service branches and village service teams, for which relevant rural leaders were engaged as chief persons in charge. In the meantime, rural collective economy was cultivated and developed through the building of service networks.

—Economic returns were highlighted to activate the growth of social benefits [she hui xiao yi 4357 2585 2400 4135] and ecological benefits. First, the peasant households' economic benefits were guaranteed, because what they obtained through the services provided were significantly higher than the service charge paid. In fruit-growing, because it takes long for fruit trees to bear fruit and its short-term economic returns are low, the fruit-growing service center carried out intercropping and interplanting by taking advantage of the space among fruit trees and guiding peasants to grow watermelons, grain, vegetables, and other crops. It not only increased the peasants' immediate economic benefits but also gave a boost to social benefits and ecological benefits.

—New scientific and technological achievements were adopted on an extensive scale, and excellent service achievements were ensured to guarantee the enhancement of economic benefits. The centers directly engaged in industrial exploitation collected and introduced new varieties of livestock, poultry, tobacco, fruit, grain, and oil and new techniques of breeding and cultivation that conformed to local natural conditions, and popularized them on a large scale after experiment. Fruit-growing service center introduced such fine varieties as red Fuji [hong fu shi 4767 1381 1102] apples, whose prices were 30 percent higher than those of ordinary varieties. The result was the increase of competitiveness in the fruit market and the guarantee of higher benefits for the peasant households.

—The building of production bases was given much attention and experiments were conducted to set example for the improvement of overall services. Altogether 15 bases were set up by the service centers

for developing fruit-growing, animal husbandry and related industries and commerce, production of flue-cured tobacco, and forestry. Among them, the fruit-growing and tobacco bases occupied 4,300 mu and animal husbandry base 35,000 mu, of which the aggregate income over a space of three years was 1.88 million yuan. The means for conducting services on an overall scale was remarkably strengthened.

—The contracted service responsibility system was installed to make profits the incentive of service work. Contracted service responsibility system in various forms was installed among the service organizations at county, township, and village levels, within the service organization at various levels, and between the governments and service organizations. The quality of service work was closely connected with the economic benefits of service organizations and service personnel. The system of efficiency pay was adopted as of 1991, which effectively aroused the enthusiasm and creativity of the entire service staff. Because of the remarkable achievements in service work, the actual income of the cadres and workers who had been transferred from administrative units and institutions to service centers was, generally speaking, significantly higher than in other administrative units and institutions to various degrees, thus increasing the internal rallying power and external magnetism of the service entities.

#### **Being Bold To Blaze New Trails Pragmatically, Creating Conditions for Transfer of County-Level Organs to Service Entities**

Under the current management system, running service entities on the basis of county-level administrative organs will inevitably lead to various problems with policies. Xixian benefited from the policy set for it as an experimental area by the provincial and prefectoral authorities, took account of the actual needs of the poor areas in the process of ending poverty and becoming rich, was bold to blaze new trails, and created the required basic conditions and external environment for the transfer of the relevant county-level organs to service entities.

1. Handling the relationship between service entities and various agriculture-related departments. The way they did it was as follows: No change was made to the channels of management and those for allocating funds in the service centers established by changing the functions of previous economic or technical departments. Service centers that were freshly set up by bringing personnel together from various relevant departments had relatively less conflict with the existing management system. The more difficult ones were those based on single departments but incorporating the organs under other departments. The example was the service center for developing animal husbandry and related industries and commerce, which required relevant departments to proceed from the overall interests of the county's economic development, carry out pragmatic reform on the

management system of this trade, conduct optimal combination, and form a serial service system. Practice has proved that this structural reform not only satisfies the overall needs of animal husbandry in its development but also contributes to the growth of various component units. The foodstuffs company had suffered losses for five years running, its debt totaling 315,000 yuan, before the structural reform. After it was brought under the service center for developing animal husbandry and related industries and commerce, it quickly restored its vitality because it was closely connected with livestock production. After it delivered taxes and covered various expenditures (including repaying over 40,000 yuan of credit interest) in 1989 and 1990, it made a profit of 15,000 yuan.

2. Handling the conflict between the combination of management, service, and operation, and the separation of government administration from enterprise management. The development service centers in Xixian embody three functions—namely management, service, and operation. The purpose is to better implement rural socialized service and expand the economic strength of service entities. The county party committee and government have planned that after the service entities have gradually expanded in economic strength and are able to assume sole responsibility for their losses and gains and make steady profits, the function of management will be severed from the centers again. Then service entities will continue to exist as economic organizations in a true sense and the separation of government administration from enterprise management will be conducted on a new basis.

3. Handling the conflict between the transfer of cadres in administrative organs and the process of disconnecting them from the state financial obligation. To help the administrative personnel who have been transferred to service entities rid themselves of the misgivings about their financial security, Xixian used a "shock-free" step-by-step approach, putting "safety belts" and "safety helmets" on those cadres. Specifically, their method was called "three changes and three zero changes." First, the original administrative organs of various departments do not change, as the centers and the organs are "one set of staff, two doorplates," but their specific functions do

change. Second, the previous treatment for the cadres does not change, but actual individual income does change. Within a certain time, the funds will continue to be allocated by the financial sector and the additional income of the centers will mainly be used to improve the service conditions and appropriately cover the fringe benefits of the staff. A number of years later, they will be left to make their own balance. Third, the original status and ranks of the cadres working in the centers do not change, but their specific work does change. There are now 1,409 people working in the service centers, of whom 819 work in the county-level agriculture-related economic and technical departments as well as their subordinate enterprises and institutions and 590 work at the level of township and town. In 1991, the service centers concluded contracts that promised the delivery of a total of 340,000 yuan to the state financial sector. This figure means the disconnection of 170 people working in administrative and nonprofit organizations from the state financial obligation.

Through their practice and exploration of more than three years, Xixian has preliminarily formed a socialized service system for agriculture and laid a foundation for a new economic operational mechanism that relatively conforms to the needs of rural planned commodity economy, and produced an unexpectedly good effect on the economic development of the entire county. The number of impoverished households in the county dropped from 5,117 in 1987 to 229, the rate of poverty termination being 96 percent. The long-frustrating problem of peasants having inadequate food and clothing has been generally settled in an initial stage. It is estimated that by 1995, the net income of the five major industries will reach more than 80 million yuan. Combined with the income from other industrial and sideline engagements and provision of labor service, the peasants' annual per-head net income will exceed 1,000 yuan. The revenue will also increase by about 100 percent. By 1993, 500 people working in administrative and non-profit organizations will be disconnected from the state financial obligation, taking up 36 percent of the total number of cadres in this category at the county level. Xixian will be able to save 1.5 million yuan from its expenditure each year, reach a basic balance of revenue and expenditure, and make a greater stride forward on the road of "small government, extensive service."

**East Region****Jiangsu Party Standing Committee Holds Meeting**

*OW1812085891 Nanjing XINHUA RIBAO  
in Chinese 8 Dec 91 p 1*

[“The Standing Committee of the Provincial Party Committee Holds an Enlarged Meeting To Relay and Study the Guidelines of the Eighth Plenary Session of the Party’s 13th Central Committee”]

[Text] The Standing Committee of the Jiangsu Provincial CPC Committee held an enlarged meeting on 6 and 7 December to relay and study the guidelines of the Eighth Plenary Session of the party’s 13th Central Committee. Comrade Shen Daren presided over the meeting.

At the meeting Comrades Shen Daren, Chen Huanyou, and Sun Jiazheng relayed important documents of the Eighth Plenary Session of the party’s 13th Central Committee. Then the comrades attending the meeting conscientiously studied and enthusiastically discussed these documents. They unanimously held: The Eighth Plenary Session of the party’s 13th Central Committee was another important meeting following the Seventh Plenary Session of the Party’s 13th Central Committee, an important meeting to mobilize the entire party as well as people across the country to pay close attention to agriculture, to strengthen rural work, and to bring about a new situation in agriculture and rural work. Conscientiously implementing the guidelines of this plenary session is bound to greatly fire the socialist enthusiasm of the entire party and people across the country, especially large numbers of people and cadres in the rural areas; to promote further development of socialist modernization in the countryside; and to bring about a new situation in agriculture and rural work in the 1990’s.

During their discussion, comrades at the meeting particularly talked about their initial study of the plenary session’s guidelines from three aspects:

1. The plenary session gave full expression to the party Central Committee’s guiding ideology and guiding principles for work. At the beginning of the year, the party Central Committee set three major tasks for this year—to strive for steady economic development, to strengthen party building, and to maintain social stability. Despite the fact that the international situation has changed and that extraordinarily serious natural disasters—seldom seen in the past century—have hit some parts of the country, the party Central Committee and the State Council have always striven to handle China’s affairs well, unwaveringly upheld the basic line of “one center and two basic points,” and persistently carried out economic construction as the central task. After a central working conference specially discussed the question of how to better run large and medium-size state enterprises, the Eighth Plenary Session of the party’s 13th Central Committee particularly discussed the questions of how to strengthen agriculture and rural work. By so doing, our party has grasped the major questions in the

economic life of our country. This is of both great practical and far-reaching historic significance for carrying out the 10-Year Program and the Eighth Five-Year Plan, and for promoting socialist modernization in our country.

2. This plenary session fully reflected the great importance the party Central Committee has attached to agriculture and rural work. Giving priority to agriculture and rural work by the party Central Committee reflects the common aspirations of the entire party and people throughout the country. In the “Decision of the CPC Central Committee on Further Strengthening Agriculture and Work in Rural Areas” adopted at the plenary session, agriculture is considered “the foundation of economic development, social stability, and self-reliance of the country;” agriculture and rural work are both regarded as “the basic problems of the Chinese revolution and construction.” The plenary session also further defined the guiding ideology of persisting in taking agriculture as the foundation of the economy for a long time to come. This is of great far-reaching significance and shows great foresight. Take Jiangsu for instance. Without steady agricultural development over a long period of time, there could not have been the development of the province’s economy—especially the development of village and town enterprises today—nor could there have been the development of other undertakings; the people could not have been able to live and work in peace and contentment. Without agricultural modernization, modernization of the national economy will be out of the question. We must use this decision as a programmatic document for guiding agriculture and rural work for a long time to come. We must achieve unity in thinking according to the guidelines laid down by the Eighth Plenary Session of the party’s 13th Central Committee, and must clearly understand the importance of agriculture and rural work. We should create an atmosphere in which the entire party pays close attention to agriculture, and people in all trades and professions support it. We should firmly do a good job in agriculture and rural work, and the tendency of ignoring agriculture should not be allowed to occur again when the situation in the rural areas takes a turn for the better.

3. This plenary session fully practiced the principle of democratic centralism. Some comrades who had participated in discussions on the draft of the decision said that the decision adopted by the plenary session had been drafted on the basis of extensive study and investigation, and only after soliciting the opinions of various localities and departments. The process of drafting the decision was one of giving full scope to democracy and pooling the wisdom of the entire party, which reflected the party Central Committee’s upholding the principle of making decisions in a democratic and scientific way. This involved good work methods and a fine style of work, and reflected the party’s fine tradition. Leading cadres at various levels should conscientiously study the decision.

Comrades attending the meeting also earnestly discussed how to thoroughly study and implement the guidelines laid down by the Eighth Plenary Session of the party's 13th Central Committee. The meeting decided to convene the Fourth (Enlarged) Plenary Session of the Eighth Jiangsu Provincial CPC Committee in Nanjing from 14 to 20 December to study the guidelines laid down by the Eighth Plenary Session of the party's 13th Central Committee and to make arrangements for implementing these guidelines and for next year's work.

Responsible comrades of the standing committee of the provincial party committee, the provincial advisory commission, the provincial people's congress, the provincial government, the provincial committee of the Chinese People's Political Consultative Conference, the provincial discipline inspection commission, and other concerned departments attended the meeting.

#### Jiangsu Standing Committee Opens 24th Session

OW2112061091 Nanjing XINHUA RIBAO in Chinese  
11 Dec 91 p 1

[“The 24th Session of the Standing Committee of the Seventh Jiangsu Provincial People’s Congress Opens in Nanning”—XINHUA RIBAO headline]

[Text] The 24th Session of the Standing Committee of the Seventh Jiangsu Provincial People's Congress opened yesterday in Nanjing.

Han Peixin, chairman of the standing committee of the provincial people's congress, presided over the meeting. Bai Yun, secretary general of the standing committee, made an explanation on the (draft) agenda and daily schedule for the current session at the beginning of the meeting. The (draft) agenda and daily schedule were adopted by members of the standing committee during the meeting.

At yesterday morning's plenary meeting, Lu Kaiyuan, vice chairman of the finance and city construction committee of the standing committee, and Qin Jie, vice chairman of the standing committee and concurrently chairman of the legal system committee of the standing committee, made reports on the examination of and suggestions for the revision of the “Jiangsu Provincial Regulations on Supervising the Quality of Products (draft)” and on the “Jiangsu Provincial Regulations on Comprehensive Management of Public Security (draft revision),” respectively. Lu Yunquan, director of the provincial justice department, and Qin Suping, vice chairman of the legal system committee of the standing committee of the provincial people's congress, made explanations and report on the “Jiangsu Provincial Regulations Governing the Work of Lawyers (draft)” and on the examination of and suggestions for the “Jiangsu Provincial Regulations Governing the Work of Lawyers (draft),” respectively. Cao Shunlin, director of the provincial administration for industry and commerce; Lan Wanlong, deputy head of the provincial office of overseas Chinese affairs; vice governor Ji Yunshi; and Wu

Donghua, head of the provincial office of foreign affairs, made reports on the situation of implementing the “Jiangsu Provincial Regulations on Protecting the Rights of Consumers,” on the “Law on Protecting the Rights of Returned Overseas Chinese and Dependents of Overseas Chinese of the People's Republic of China,” on the situation of reform of housing system in this province, and on provincial government's request for examining the establishment of friendship ties between this province and Toscana Region of Italy, respectively. The meeting also heard explanations on appointments and removals of government personnel.

The report on the situation of implementing the “Jiangsu Provincial Regulations on Protecting the Rights of Consumers” pointed out that, since the implementation of the regulations three years ago, governments at various levels have actively organized concerned departments, groups, and units to strengthen supervision over the quality of commodities and services to protect consumers' legitimate rights. This has improved ties between the party and government and the masses, and has played an important role in promoting social stability. In light of certain problems in implementing the regulations, the report stressed the need to unremittingly publicize the regulations, constantly raise people's understanding of the regulations, strengthen administrative supervision and management, and employ educational, economic, administrative, legal, and other means to promote implementing the regulations. It is essential to combine temporary measures with measures for permanent improvement. It is essential to help consumer associations at various levels strengthen their organizational building and further develop their supervisory role. Governments at various levels and concerned departments should strengthen their leadership over and inspection of the implementation of the regulations, set specific goals, and fulfill their responsibility in deepening this work.

The report on the situation of implementing the “Law on Protecting the Rights of Returned Overseas Chinese and Dependents of Overseas Chinese” pointed out that Jiangsu is one of the importance provinces in carrying out work related to Overseas Chinese affairs and that the broad masses of returned Overseas Chinese and dependents of Overseas Chinese working on various fronts are an effective force in helping this province to prosper with science and technology and in promoting socialist modernization. Under the new historical condition, the work of Overseas Chinese affairs must be carried out within the framework of the legal system. It is essential to further solve remaining problems in implementing the state policy for Overseas Chinese affairs in various localities. The report also put forward some suggestions on how to further implement the “Law on Protecting the Rights of Returned Overseas Chinese and Dependents of Overseas Chinese” by doing a good job in extensively publicizing the “Law on Protecting the Rights of Returned Overseas Chinese and Dependents of Returned Overseas Chinese,” strengthening leadership and coordination over the work, formulating procedures

for implementing the "Law on Protecting the Rights of Returned Overseas Chinese and Dependents of Returned Overseas Chinese" and related local laws, rules, and regulations at an earlier date, and improving the role and function of offices for Overseas Chinese affairs of governments at various levels.

The report on the province's housing system suggested various arrangements and demands for reforming the housing system. It stressed the need to fully understand and firmly implement the principle and policy of the central authorities on reforming the housing system, to gain support from people's congresses at various levels in supervising reform, to adhere to a unified policy, to suit the work to local conditions, and to systematically implement the reform. The housing system should be reformed firmly yet prudently. We should further enhance our understanding of the significance of the reform, effectively strengthen leadership over the work, and seriously publicize the need for reform. Departments in charge of reforming the housing system at various levels should effectively assist party committees and governments in implementing the work, raise their ideological level and understanding of policies, strengthen investigation and study, actively train personnel for the work, and give full play to their role in reforming the housing system.

Han Peixin spoke at the meeting on properly organizing inspection activities by members of the standing committee and deputies of the provincial people's congress. He pointed out the need to make arrangements for carrying out inspection activities before the convocation of the Fifth Session of the Seventh Jiangsu Provincial People's Congress. He said that the inspection activities should center on important issues and pay attention to quality. Inspection activities may be carried out in various forms. Through inspection activities, members of the standing committee and deputies of the provincial people's congress should be able to improve their ability in discussing and taking part in government affairs, and people's congresses will be able to make better decisions which will tally with the actual situation and accord with the wishes of the people.

Vice chairmen of the provincial people's congress, including Li Zhizhong, Xing Bai, Li Qingkui, Zhang Yaohua, Tang Nianci, and Qin Jie, attended the meeting. Ji Yunshi, vice governor of Jiangsu; Li Peiyou, president of the Jiangsu Provincial Higher People's Court; and Shi Wenshou, deputy chief procurator of the Jiangsu Provincial People's Procuratorate, attended the meeting as observers.

#### CPC Committee Holds Plenary, Enlarged Meetings

OW2112052291 Nanjing Jiangsu Provincial Service  
in Mandarin 1015 GMT 20 Dec 91

[From the "News" program]

[Text] The fourth plenary session and an enlarged meeting of the Fourth Plenary Session of the Eighth

Jiangsu Provincial CPC Committee, which closed today, held that Jiangsu should make new breakthroughs in its agricultural and rural work during the Eighth Five-Year Plan and in the 1990's. The session and the meeting set the following major targets: The province's overall agricultural production capability should be raised to a new level; total grain output should exceed 70 billion jin and cotton output reach about 13 million dan by the end of the Eighth Five-Year Plan; output value of the diversified economy should grow by 10 percent annually to account for more than 50 percent of the total agricultural output value; per capita net income to exceed 1,100 yuan; township and town enterprises to develop steadily and their economic efficiency to improve noticeably; and total output value of rural areas to double the 1990 figure by the end of the century.

The fourth plenary session and the enlarged meeting were held in Nanjing 14-20 December and were presided over by the provincial CPC Committee Standing Committee. During the sessions, comrades Shen Daren, Chen Huanyou, and Sun Jiazheng separately relayed the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee and Comrade Jiang Zemin's important speech at the plenary session. The fourth plenary session examined and adopted resolutions of the fourth plenary session of the Eighth Provincial CPC Committee and approved the provincial CPC Committee's decision on carrying through the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee and on further strengthening agricultural and rural work. On behalf of the provincial CPC Committee, Comrade Shen Daren made a speech on carrying through the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee and on planning next year's work. At the end of the session, Comrade Chen Huanyou made a speech on how to relay and carry through the decisions made by the session. Comrades attending the session unanimously supported the CPC Central Committee's decision on further strengthening agricultural and rural work and its resolution on holding the 14th National Congress of the CPC, and unanimously approved Comrade Jiang Zemin's important speech at the Eighth Plenary Session. The fourth plenary session stressed the need to vigorously publicize the eighth plenary session's decisions and to unify thinking of all cadres and the masses of the province on the basis of the guidelines of the eighth plenary session. The session also called for launching a campaign this winter and coming spring to study and publicize the eighth plenary session's guidelines to create a new situation in which the whole society attaches importance and gives support to agricultural and rural work. The session urged all localities in the province to continue to deepen rural reform, to firmly establish and refine rural economic policies, to firmly establish and improve the household contract responsibility system with remuneration linked to output, to further improve rural areas' collective economic organizations and the dual management system that combines household with collective operations, to expand the socialized service system, to adhere to the policy of regarding agriculture as

the basic industry, to continue to restructure rural industry, to make all-out efforts to develop rural economy, to actively implement the strategy of invigorating Jiangsu's agriculture through promoting scientific and technical education, to strive to make technology contribute to more than 50 percent of the province's agricultural growth during the Eighth Five-Year Plan, to adopt various approaches to increase agricultural investment, to expand agricultural infrastructure, to greatly expand the scope of work on helping the poor, to bring about coordinated development of regional economies, to strive to bring about common prosperity to all people, to promote in-depth socialist ideological education in rural areas, and to effectively promote spiritual civilization and democratic rule. The session stressed: Party committees and governments at all levels must bear in mind that agriculture is the basic industry. In carrying out next year's work, they should strictly follow the party's basic line, closely center their work on the central task of economic construction, expand the scope of reform and opening up, and quicken the pace of vitalizing Jiangsu through promoting science and technology. Economic work should truly focus on restructuring the economy and improving economic efficiency. On this basis, we should strive to maintain steady economic growth. At the same time, we should further emancipate our minds; lift our spirits; do away with mental obstacles that tend to make us settle for reality, be passive, and balk at difficulties; and work hard to create a new situation for Jiangsu's reforms and construction, so that we can greet the 14th National Party Congress with positive work results.

Those attending the enlarged meeting of the fourth plenary session included members and alternate members of the provincial CPC Committee; members of the provincial Advisory Commission; members of the provincial Discipline Inspection Commission; responsible comrades with party membership of the provincial People's Congress and the provincial committee of the Chinese People's Political Consultative Conference; responsible comrades of the provincial military district CPC Committee; major responsible comrades of all cities, counties, districts, and all departments and units directly under the provincial authorities; and responsible comrades of institutes of higher learning and some large-and medium-size enterprises, totalling 512 people.

#### Jiangsu Discipline Inspection Commission Meets

OW2312035791 Nanjing Jiangsu Provincial Service  
in Mandarin 1015 GMT 21 Dec 91

[From the "News" program]

[Text] The discipline inspection commission of the Jiangsu Provincial CPC Committee held its fourth plenary session in Nanjing on 18 December 1991. Cao Keming, deputy secretary of the provincial party committee and secretary of the provincial discipline inspection commission, delivered a work report.

The plenary session unanimously supported the decision of the provincial party committee on the implementation of the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee and on certain questions concerning further development of agriculture and the rural work. It also supported the important speech made by Comrade Shen Daren on behalf of the provincial party committee.

The plenary meeting held: The decision of the provincial party committee completely conforms to the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee, as well as to Jiangsu's reality. So long as we seriously implement it in the days to come, a new situation in agriculture and rural work will surely emerge in Jiangsu.

The plenary meeting called on discipline inspection organs at all levels in the province and their cadres to study seriously, understand, and implement in an all-around way the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee; to further emancipate their minds, display enthusiasm, unite as one, and work even harder under the leadership of the party Central Committee with Comrade Jiang Zemin at its core; and to usher in the 14th CPC National Congress with outstanding achievements in improving party style and establishing a clean and honest government.

#### Jiangsu Advisory Commission Holds Plenary Session

OW2312035991 Nanjing Jiangsu Provincial Service  
in Mandarin 1015 GMT 21 Dec 91

[From the "News" program]

[Text] The provincial advisory commission elected by the Eighth Jiangsu Provincial CPC Committee held its fourth plenary session in Nanjing on 19 December 1991. Zhou Ze, vice chairman of the commission, presided over and addressed the meeting.

The plenary session affirmed: The Eighth Plenary Session of the 13th CPC Central Committee has created very good political conditions for further developing China's agriculture. It is of great significance to building socialism with Chinese characteristics. The fourth plenary session and the enlarged meeting of the Eighth Jiangsu Provincial CPC Committee, having formulated procedures and made arrangements for applying the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee in Jiangsu's work, were a great success.

The conferees hoped that a further step will be taken to embody the guidelines of both the central and the provincial plenary sessions and to mobilize and organize the forces in all quarters to implement them in a down-to-earth fashion. They pledged to work hard for the advisory commission under the guidelines of both the central and the provincial plenary sessions and under the leadership of the provincial party committee, study further the documents of the two plenary sessions, and

enhance their understanding. They deemed it necessary to conduct investigation and study and to strive to keep abreast with the latest conditions and the new experiences and problems of agriculture and rural work, to deal with questions, to make constructive comments and suggestions, and to create a new situation in Jiangsu's agriculture and rural work.

### Jiangsu Urges Cadres To Strengthen Socialism

*OW1912015191 Nanjing XINHUA RIBAO  
in Chinese 10 Dec 91 p 1*

[Article by Han Peixin: "Publicize and Implement the Constitution in a Profound and Sustained Manner To Consolidate and Strengthen the Socialist System"]

[Text] Since 4 December, all localities in the province have seriously implemented the decision of the provincial People's Congress Standing Committee concerning the "Constitution Publicity Week" and used various methods to bring about an upsurge to study, publicize, and implement the Constitution. These activities are closely integrated with the study of the speech General Secretary Jiang Zemin gave at the rally marking the party's 70th anniversary, with the second five-year program to publicize the rule of law, and with the education on socialism in the countryside currently underway in Jiangsu. The efforts have yielded very positive results and have played a positive role in enhancing the citizens' awareness of the Constitution and improving their knowledge of the law, in improving the cadres' and the masses' understanding of the state's basic systems and in strengthening their socialist beliefs, and in promoting economic development and other undertakings.

The Constitution forms the basis of our country's laws. It outlines the general rules for governing the country and the general program for building socialism with Chinese characteristics. Studying and implementing the constitution requires a constant effort to deepen understanding of the four cardinal principles and to better uphold the socialist state system under the CPC's leadership. This is the foundation of the Constitution currently in force. It is not only stressed in the Constitution's foreword but also permeates it completely. It is the fruit of the new democratic revolution, the socialist revolution, and the experience of construction. We must adhere to the four cardinal principles established in the Constitution, and press firmly ahead along the socialist road with Chinese characteristics under the party's leadership.

Since the nation's founding 42 years ago, the socialist system has demonstrated its unparalleled superiority and great vitality, bringing independence, unification, stability, and initial prosperity to China. On the soil of semifeudalism and semicolonialism and with an impoverished foundation, it was the socialist system that for the first time gave the Chinese people the right to be master of their own affairs, and that helps solve the problem of food and clothing for 1.1 billion people. At present, we are moving toward the second and third

strategic goals of the socialist modernization drive, and a beautiful and bright future has appeared before the people of all races nationwide. On top of that, we must note that socialism is a brand new system and is fraught with complicated and intense struggles during the process of evolution and perfection. In the present world, hostile Western forces are stepping up efforts to promote the strategy of "peaceful evolution". The struggle between infiltration and counter-infiltration, subversion and counter-subversion, peaceful evolution and counter-peaceful evolution vividly reflects the contention between the two social systems. Also present inside the country is a handful of people who advocates bourgeois liberalism and Western parliamentary democracy, attacks the leadership of the Communist Party, and negates the socialist system and people's congress system with Chinese characteristics. Should their plot succeed, the color of our country will change and the people will suffer. Therefore, we must keep a cool political head, have firm socialist beliefs, take a clear-cut stand against bourgeois liberalism, resist the "peaceful evolution" of hostile forces, uphold the basic principles established in the Constitution, and work hard to build socialism with Chinese characteristics under the leadership of the CPC so that socialism can better demonstrate its vitality. To consolidate and strengthen the socialist system, one important point is to uphold and perfect the people's congress system. This is the fundamental state political system specified in the Constitution. It enables the people to be master of their own affairs, fully incorporates the essential features and core contents of socialist democracy, and is the path that must be taken to build socialist democracy. We must fully exercise the political superiority and characteristics of the people's congress system, and perfect the various structures of the people's congress according to the requirements of the Constitution and law, step up the legislative work and supervisory role of the people's congresses and their standing committees, improve and perfect the election system, forge close ties with the people, and better represent the people to manage state and social affairs. We must safeguard the position and rights of the people to be master of their own affairs, and utilize this basic political system to safeguard and build a socialist economy and culture with Chinese characteristics as well as to protect the lasting stability of our country in the bid to press victoriously ahead along the socialist road.

The current "Constitution Publicity Week" further publicizes and enhances efforts of the past nine years to study and implement the Constitution. It is also a new starting point to study, publicize, and implement the Constitution in a profound and sustained manner. At present, we must combine the study and publicity of the Constitution with the study and implementation of the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee, and further strengthen the party's leadership over rural work. On top of that, we must use the Constitution and law to safeguard the foundation status of agriculture in the national economy, protect the

peasants' interests and illegitimate rights, further consolidate and develop the collective economy, and consolidate the socialist position in the countryside.

**Shanghai Sociologists Hold Human Rights Seminar**

*OW2112004091 Beijing XINHUA in English  
1548 GMT 20 Dec 91*

[Text] Shanghai, December 20 (XINHUA)—Sociologists from Shanghai, China's largest city, met recently in the city's International Education Exchange Center to discuss human rights.

The experts noted that the human rights issue has become a major focus of international political struggles, and that some people in Western countries have indulged in using the issue as a pretext for interfering in the internal affairs of other countries.

According to the experts, the Chinese people have their own concepts and definitions concerning human rights and have drafted their own laws and policies to secure human rights in accordance with the country's history and actual conditions as they exist today.

The participants expressed the belief that the People's Republic of China ensures that all rights belong to the people and that the people enjoy more equal and authentic rights than people who live in capitalist countries.

A number of the experts warned that the "human rights attack" being carried out by a small group of foreigners is simply an aspect of the "peaceful evolution" strategy, and that China must be on guard against such a move.

The seminar was sponsored by the Propaganda Department of the Shanghai Communist Party Committee.

**Stock Issue Delayed To Avoid 'Rush Buying'**

*OW2212083591 Beijing XINHUA in English  
0816 GMT 22 Dec 91*

[Text] Beijing, December 22 (XINHUA)—The issuing of two new stocks has been delayed in Shanghai in order to avoid rush buying, according to the Shanghai-based paper LIBERATION DAILY [JIEFANG RIBAO].

The Zhongcheng Enterprise Co. Ltd. and Shanghai Special-Shaped Steel Tubing Co. Ltd., which previously planned to issue 61.80 million yuan and 36.10 million yuan worth of shares respectively last week, have delayed the share issues.

This is largely because the issuing of the Shanghai Pudong Dazhong Taxi Service Co. Ltd. shares a week ago resulted in some serious security problems.

The paper said that long queues were formed days before the issue date outside issuing locations, mostly spacious stadiums.

The paper quoted sources as saying that a lack of an advanced computer system makes it difficult for

Shanghai to issue shares like the Shenzhen Special Economic Zone in Guangdong Province, which allows open registration.

At present, the level of interest in the securities market is extraordinarily high. More than one million local citizens are reported to be engaged in trading on the local securities market.

**Construction of New Finance, Trade Zone Begins**

*OW2012143391 Beijing XINHUA in English  
1311 GMT 20 Dec 91*

[Text] Shanghai, December 20 (XINHUA)—Construction of the Yin Dou Mansion, the first financial building in the New Pudong Area of Shanghai, which began on Tuesday, marks the beginning of the first phase construction of the Shanghai Lujiazui Finance and Trade Zone.

The 18-floor office building, which will cost an estimated 100 million yuan, will be the site of the Shanghai branch of the People's Bank of China, China's central bank.

According to Zheng Shangwu, vice-general-manager of the Shanghai Lujiazui Finance and Trade Zone Development Co., the construction of some 10 other high-rise financial buildings, including the new Shanghai Mansion of the Shanghai Trust and Investment Corporation, will begin during the winter or spring.

The total investment in the complex will exceed two billion yuan.

The municipal government has designated the Lujiazui area as Shanghai's future financial and trade center.

The Shanghai Stock Exchange, the Shanghai Foreign Exchange Regulation Center and other major financial and trade organizations will move to the zone within the next three years, according to the municipal plan.

**Shanghai Completes 19 Key Construction Projects**

*OW2012150391 Beijing XINHUA in English  
1247 GMT 20 Dec 91*

[Text] Shanghai, December 20 (XINHUA)—By mid-December, Shanghai, China's biggest industrial and commercial city had completed 19 key construction projects.

The 19 projects are part of the 44 communications, urban construction, industrial and commercial projects planned by the municipal government in light of the need to restructure the local industry's product mix, improve investment conditions and raise the people's living standard.

According to the city authorities, the 44 projects, which involve eight billion yuan of investment, include 19 communications projects, 20 industrial projects and five commercial and financial projects.

The completed communications projects include:  
 —the Nanpu Bridge and the Usong Sluice Gate, which have doubled the transportation capacity over the Huangpu River running through the city,  
 —the Pudong Gasworks, which has increased the daily gas supply by one million cu m [cubic meters], one-fourth of the city's total,  
 —new aviation expansion projects that have enhanced the city's air transport capacity by over three times,  
 —the installation of 80,000 program-controlled telephone exchanges.

The newly completed industrial projects have increased the city's annual production capacity by three million tons of steel, 1.05 million tons of cold rolled steel sheets and plates, 300,000 sets and 11 types of steel belted radial-ply tires, 70 million integrated circuits, and 900,000 kwh [kilowatt hours] of power-generating capacity.

### Central-South Region

#### Liu Jianfeng on Opening Further to Outside

*OW1912152591 Beijing XINHUA in English  
1415 GMT 19 Dec 91*

[Text] Haikou, December 19 (XINHUA)—Southern China's Hainan Province will further open to the outside world by taking advantage of its superiority of being China's largest special economic zone, Governor Liu Jianfeng said.

Liu has called on the whole province to speed up the improvement of the environment for foreign investment and the steps to open further to the outside world.

Speaking at a recent provincial meeting, the governor said Hainan has done a good job in piloting the national reform over the past three years since it became a province and the country's largest special zone a couple of years ago.

The province, which has established a new system of market regulation to boost the commodity economy under the state macro-instruction, is provided with the basic conditions to further open itself to the outside world and develop in full scale.

According to the governor, Hainan will concentrate on implementing the preferential policy given by the state and strive to create a better environment for foreign investment.

It will use foreign investment to develop the island in stretches, the governor said.

The opportunity for developing the Yangpu Area is ready and attention will be paid to constructing the Sanya Tourist Development Zone and the Basuo Industrial Development Zone and making preparations for opening up the Qinglan Development Zone.

In addition, the province will boost the construction of bonded areas and set up bonded factories and warehouses in different development zones on the island.

#### Convenes Seminar on Economic Reform

*OW2112065591 Beijing XINHUA in English  
0548 GMT 21 Dec 91*

[Text] Haikou, December 21 (XINHUA)—Chinese and foreign experts who gathered here recently to discuss reform in Hainan expressed the belief that the island's preferential policies and improved investment conditions will attract increased foreign interest.

The experts, scholars and government officials attending the international seminar on reforms of China's financial system were invited by Hainan Governor Liu Jianfeng.

The participants come from a number of organizations and countries, including the United Nations, the World Bank, the State Commission for Restructuring the Economy, the People's Bank of China, Japan, South Korea, Malaysia and Taiwan.

The participants suggested that the province should enhance the skills of its labor force and further improve investment conditions.

Financial circles in Hainan were greatly encouraged by being able to draw on the experiences of experts from Taiwan, Japan, Singapore. They hope to raise the economic output of banks and attract more foreign financial organizations to the province.

#### Hainan Cracks Down on Cigarette Smuggling

*OW2112073991 Beijing XINHUA in English  
0714 GMT 21 Dec 91*

[Text] Haikou, December 21 (XINHUA)—Departments of the Hainan provincial tobacco monopoly have cooperated with local public security and customs departments, and frontier guards in a drive to crack down on cigarette smuggling.

The cooperation program successfully concluded investigation into 168 cases of smuggling during the first 11 months of 1991.

The group confiscated 9,844 cases of cigarettes valued at over seven million yuan and prosecuted a number of criminals during the period.

#### Hunan Allocates Loans to Agricultural Projects

*OW1912155691 Beijing XINHUA in English  
1334 GMT 19 Dec 91*

[Text] Changsha, December 19 (XINHUA)—The Hunan provincial government plans to allocate 300 million to 400 million yuan in special loans to construct or expand some 200 key agricultural projects in the Eighth Five-Year Plan period (1991-1995).

A provincial government official said that the government will take full advantage of agricultural resources in the province and these key projects mainly can develop agricultural products of high quality and increase the income of local farmers.

The Hunan provincial government plans to popularize scientific achievements among the farmers and the investment will focus on planting and aquatic breeding, and processing agricultural products.

The official said that the government will give preferential policy to the poor areas in the province.

He said developing these projects aims at improving the production capacity of agriculture in the province and helping farmers become rich.

#### Hunan Agriculture Benefits From World Bank Loans

OW2112090491 Beijing XINHUA in English  
0749 GMT 21 Dec 91

[Text] Changsha, December 21 (XINHUA)—Experts from the World Bank expressed their satisfaction when they inspected the agricultural programs funded by the World Bank in central China's Hunan Province.

Hunan developed fresh water fish, high quality fruit production, the processing of agricultural products and 2,000 other projects with over 40 million yuan in loans from the World Bank in 1986.

According to the provincial Agricultural Department, the total output value of these programs reached more than 1 billion yuan and the profits and taxes came to over 100 million yuan in the past few years.

An official in the department said these programs also provided a wide choice of jobs for the 100,000 farmers in the underdeveloped areas.

He said so far the province has introduced 17.3 million U.S. dollars of foreign investment in developing fruit-processing industry, grain production and training agricultural technicians. The province also utilized 63 million U.S. dollars in foreign loans to establish a batch of key agricultural projects.

The official disclosed that some projects of utilizing foreign capital, such as the development of Wuling mountain areas, and construction of an agricultural service system, will be listed in the provincial government plan.

#### Southwest Region

##### Liu Zhengwei Urges Developing Rural Education

HK1912033591 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 17 Dec 91

[Excerpts] The provincial meeting on education in rural areas, held in Guiyang yesterday [17 December], pointed

out: Promoting education in rural areas is an essential component of our work plan for these areas. Departments concerned at all levels must think in compliance with the spirit of the Eighth Plenary Session of the 13th CPC Central Committee, make earnest efforts to strengthen leadership over work, commit different levels of authorities or organizations to run schools and exercise-relevant management, plan [words indistinct] in an coordinated way, and invigorate agricultural production through application of science and technology and promotion of education, thus pushing forward the province's overall reform of education for rural areas.

The meeting was presided over by Governor Wang Chaowen, who is also deputy secretary of the provincial party committee. [passage omitted]

Liu Zhengwei, provincial party committee secretary, delivered a speech on studying and grasping the essence of the Eighth Plenary Session of the 13th CPC Central Committee to develop education for rural areas. He said: The eighth plenary session set specific requirements for reforming and developing rural education to raise peasants' scientific and cultural standards. For the present and a certain period to come, we must formulate and implement specific policy measures for reforming and developing rural education in line with the spirit of the eighth plenary session and with local realities, thus raising rural education to a new level.

He continued: The objective of rural educational reform is to gear rural education to the needs of rural economic development in an effort to shake off poverty, give the peasants a relatively comfortable life, and bring up a large number of new peasants who have lofty ideals and moral integrity, and who are well educated and self-disciplined. Party committees and governments at all levels are expected to have the situation concerning rural educational reform and development well in hand, make sure it will be carried out in a correct political direction, and incorporate rural education into the overall plan for economic and social development in rural areas so that rural education will develop without a hitch. [passage omitted]

#### Briefs CPPCC on Plenum

HK1912102191 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 18 Dec 91

[Excerpt] The 21st session of the sixth provincial Chinese People's Political Consultative Conference (CPPCC) Standing Committee held its second plenary meeting yesterday morning [18 December]. Liu Zhengwei, provincial party committee secretary, relayed the spirit of the Eighth Plenary Session of the 13th CPC Central Committee.

Liu Zhengwei said: The CPC Central Committee's decision on further strengthening agriculture and work in rural areas, adopted by the Eighth Plenary Session of the 13th CPC Central Committee, further defines the principal tasks for China's agricultural development and

rural work in the 1990's. The decision will certainly play an important role in our efforts to build socialism with Chinese characteristics.

He went on: Like other parts in the country, Guizhou made tremendous achievements in agricultural development and rural work in the 1980's. We managed to collect an overall bumper harvest due to arduous efforts by people across the province, despite exceptionally serious natural disasters. Grain output amounted to 16.3 billion jin, an all-time high; rape, flue-cured tobacco, and animal husbandry registered large, stable growth; and the 1991 afforestation plan was overfulfilled by 15 percent. At present, socialist ideological education for rural areas, the strengthening of grass-roots units, the terracing of land on slopes, the construction of irrigation facilities, and work concerning the newly established green project are going on soundly. In a word, we suffered serious natural disasters this year, but we worked hard and gathered a substantial bumper harvest. The contributions made by all levels of the CPPCC and its members are indispensable to these achievements.

He added: To promote agriculture and rural work, we must do a good job studying, publicizing, and implementing the spirit of the Eighth Plenary Session of the 13th CPC Central Committee. He hoped all levels of the CPPCC and its members would extensively publicize the plenary session's spirit, make the best use of their advantages and of political consultation and democratic supervision, forward better suggestions about rural reform, and continue to play their unique role in [words indistinct] and in supporting poor areas through application of science and technology, thus making greater contributions to creating new prospects for agricultural development and rural work in Guizhou. [passage omitted]

### North Region

#### **Wang Qun Addresses Regional Work Conference**

SK1912072991 Hohhot NEIMENGGU RIBAO  
in Chinese 25 Oct 91 pp 1, 2

[Speech of Wang Qun, secretary of Inner Mongolia Autonomous Regional CPC Committee, delivered at the work conference of the regional party committee on 12 October]

[Text] During this conference we relayed the guidelines of the central work conference and studied the important speeches of Comrades Jiang Zemin and Li Peng. After this, on behalf of the autonomous regional party committee and government, Comrade Bu He put forward the opinions and measures for implementing the guidelines of the central work conference and improving large and medium-sized enterprises in line with the realities of the region. During the conference, the participating comrades held earnest discussions on ways to improve large and medium-sized enterprises and offered many very good opinions. They reached common views on a series

of important issues, deepened their understanding, and enhanced their confidence in invigorating large and medium-sized enterprises. This conference has been a success, one to encourage spirit and pioneer the way forward. We are convinced that after this conference, the guidelines of the central work conference will be implemented to the letter through the concerted efforts of people throughout the region.

Based on the discussions of the participating comrades, I will emphasize the following issues once again.

#### **1. Improving Large and Medium-Sized State Enterprises Not Only Has Important Economic Significance But Also Far-Reaching Political Significance**

Further improving large and medium-sized state enterprises is a task presented by the current economic activities and also a long-term task of socialist modernization. At the Seventh Plenary Session of the 13th Central Committee held last year, the Central Committee defined the endeavor to improve large and medium-sized enterprises as a key step in attaining the second-step strategic objective. It again emphasized this endeavor on many occasions since the beginning of this year. Speaking on developing a socialist economy with Chinese characteristics in his "1 July" speech, Comrade Jiang Zemin particularly stressed that "large and medium-sized state enterprises, which constitute the backbone force of the socialist economy, play a decisive role in the development of the whole national economy and the consolidation of the socialist system." The central work conference again noted that "the effort to further raise the efficiency of large and medium-sized state enterprises plays a decisive role in increasing China's economic strength, facilitating social development, and improving living standards." We should understand the important significance of this effort from the perspective of consolidating and developing the socialist system. These important theories have helped raise our understanding to a new level.

In view of the realities, we truly feel that improving large and medium-sized enterprises is an important link in the entire economy, an endeavor included in our adherence to the party's basic line, and an important strategic step to achieve a fairly comfortable life. Judging from the current situation, we should also start with efforts to invigorate large and medium-sized enterprises if we are to overcome the temporary difficulties in China's economy. Invigorating large and medium-sized enterprises is a key undertaking. When it succeeds, the entire national economy will be enlivened. Only in this way can we continuously consolidate the dominant role of the public economy, enhance the confidence of the masses in taking the socialist road, and always be in an invincible position.

The endeavor to invigorate large and medium-sized enterprises has a special significance to Inner Mongolia.

First, it has an important significance in our effort to turn the region's advantages in resources into economic

advantages. Compared with developed areas, Inner Mongolia has fewer large and medium-sized enterprises, only 204, but most of them are based on abundant resources. When deciding on the region's second-step strategic objective, the regional party committee called for efforts to build Inner Mongolia into an important energy, raw material, metallurgical industrial, heavy chemical industrial, and textile base of the country during the Eighth Five-Year Plan. If large and medium-sized enterprises are truly invigorated, we will have a grasp on the key link of the strategic priority in the process of attaining the second-step strategic objective, and be able to turn the advantages in resources into economic advantages more quickly. In this way, the Inner Mongolia Autonomous Region will change its status from an area rich in resources into one economically rich, and will play an even more important role in the economy of the entire country.

Second, invigorating the region's large and medium-sized enterprises is of great significance in narrowing the gaps between the region and advanced localities. It should be noted that during the previous seven five-year plans, the Seventh Five-Year Plan in particular, economic construction witnessed great headway, thus laying a certain foundation for realizing the second-step strategic goal. Since entering the Eighth Five-Year Plan, a good beginning has again been made in various economic construction undertakings in the region. A bumper harvest was collected in both animal husbandry and agriculture; industrial production has increased steadily and is developing in a good direction. This has provided favorable conditions for invigorating large and medium-sized enterprises. It should be noted, however, that the region's industrial economy is not only characterized by the problems of irrational structure and low economic efficiency, but also lags behind the average level of the whole country in terms of growth rate. To raise the level of productive forces and narrow the gaps between the region and advanced localities, we must exert even greater efforts in invigorating large and medium-sized enterprises. So long as we adopt positive attitudes, dare to face reality, and refrain from dodging contradictions, we will turn pressure to motivation, regard gaps as potentials, and bring about relatively good progress in developing large and medium-sized state enterprises and the entire national economy.

Third, because the region is a border minority nationalities region, it is not only an economic task but also a political task to invigorate large and medium-sized enterprises and to strengthen economic construction. This is because it has a direct bearing on the stability and prosperity of the border, national unity and progress, and the reunification of the motherland. In sum, no matter which angle we approach this issue from, we are always required to embrace the sense of responsibility and urgency to a high degree; and to concentrate on invigorating large and medium-sized state enterprises by regarding it as a major task and by placing it in a prominent position.

## 2. We Should Enhance Our Morale, Strengthen Our Confidence, Give Consideration to the Overall Situation, and Bear Difficulties

Now we are witnessing the replacement of the old economic structure by the new. It takes time to effect this kind of replacement. During this replacement, circumstances are intricate and complicated, contradictions and problems emerge in an endless stream, and the work of invigorating large and medium-sized state enterprises is confronted with many difficulties. It should be noted that party committees and governments at various levels, leading comrades of large and medium-sized enterprises in particular, have done a lot of work and put a lot of painstaking effort into invigorating large and medium-sized enterprises under difficult conditions. Many comrades have pioneered the road of advance, met difficulties head-on, and maintained a good mental state. It should also be noted, however, that some comrades still lack confidence in varying degrees in the face of difficulty. In light of this ideological reality, it seems especially important to enhance the confidence of leaders at all levels, principal leaders in particular.

Our confidence should be based on a correct understanding of reality. At the same time, confidence is also the manifestation of the communist ideal of forging ahead optimistically and braving all difficulties. Facts show that the degree of the leaders' confidence and determination often directly affects the progress of work, and affects its success or failure. With confidence and resolution, leaders will be able to take full advantage of many favorable conditions to turn unfavorable factors into favorable ones, and then create a new situation in the work. If our leaders are listless and lack confidence, they will be unable to take advantage of favorable conditions, however many, and they will even lose favorable conditions due to insufficient subjective endeavor. We say that we have many favorable conditions for invigorating large and medium-sized enterprises. This has been mentioned before, and Comrade Bu He has made a very objective analysis of it in his speech. We should fully understand these favorable conditions, and use them to enhance our morale and inspire our confidence. On the other hand, we should draw confidence and energy from the more advanced enterprises, and learn the way out and the hope for invigorating enterprises from those enterprises which have brought themselves back to life from bankruptcy.

At present, central and local authorities have formulated a series of policies and measures to invigorate state-run large and medium-sized enterprises. To implement these policies and measures in places where they are needed, we must also pay attention to the capacity to withstand the strains. The state and local governments have this problem, as do the enterprises and social sector; they have the problem of whether they can withstand the strains of funds and materials, and the problem of whether they can withstand the strains psychologically. The worst problem is that concerning the capacity to

withstand financial strains. To create a relaxed environment and conditions for large and medium-sized enterprises to eliminate misgivings and to invigorate their operation, leaders at all levels must have foresight. In a speech, Comrade Bu He said: The guiding ideologies of "making concessions for the sake of future gains," "letting out water to raise fish," and "raising chickens for the sake of getting eggs" are extremely correct, and were determined by the regional party committee Standing Committee after discussions. Local financial departments at all levels should undertake the difficulties and responsibilities which they must withstand on their own initiative. On a long-term basis, as long as enterprises strengthen momentum, it will be possible for them to open financial resources and increase revenue. All in all, we should resolve to set aside a portion of the increased profits and taxes to guarantee the invigoration of large and medium-sized enterprises in line with the relevant central and regional policies. If we continue to hesitate and delay our efforts in this regard, we will face great difficulty in invigorating some enterprises, and will meet with greater financial difficulties. Therefore, we must display the spirit of giving consideration to the overall situation, and sharing difficulties on our own initiative. The 204 large and medium-sized state enterprises across the region should give responsibility to each level according to their relations of subordination, and should share the heavy burdens with joint efforts. Only thus can Inner Mongolia's capacity to withstand strains be strengthened greatly.

To implement the guidelines of the central work conference better, and to invigorate large and medium-sized enterprises, we have also called on party committees and governments at all levels to broaden their sources of income, and in particular to reduce expenditures. It is necessary to promote the spirit of arduous struggle and leading an austere life throughout the region, from the higher to the lower levels, especially among party and government organs and institutions. This spirit is our cherished tradition. Today, while we are facing the new situation and new tasks, it is all the more necessary for us to promote this spirit.

### **3. The Fundamental Way To Invigorate Large and Medium-Sized State Enterprises Is To Deepen Reform**

Since the Third Plenary Session of the 11th Central Committee, our country's reforms and opening up have achieved worldwide recognition. Our success in gaining a firm footing in the changing international situation cannot be separated from the great achievements of reform and opening up. Reforms and opening up have made possible a bright future for the socialist cause, and brought hope for national regeneration. We must unswervingly and continuously promote reforms and expand opening up. This is the common desire of the whole party and the people of the whole country.

In developing the entire national economy, we must follow the road of reform and opening up; and in invigorating large and medium-sized state enterprises,

we must rely on reform and opening up. Comrades Jiang Zemin and Li Peng profoundly discussed this issue in their important speeches. We have said that deepening reform is the only way to invigorate large and medium-sized state enterprises. This is because on the one hand, we may better display our existing advantages through reform and opening up, effectively overcome the defects in past economic systems and economic operational mechanisms, and mobilize the enthusiasm and creativity of the people to liberate the productive forces to the greatest extent; on the other hand, reform and opening up may urge the people to emancipate their minds, renew concepts, broaden their views, think about issues which our predecessors had not considered, and do things which they had not done before. When we stress the need of having the idea of reform to carry out work successfully, the most essential requirement is to adhere to the ideological line of seeking truth from facts, and carry out work in a creative manner. It is also a basic requirement put forward at the central work conference. True reformers are pioneers, people who blaze new trails. The central authorities have clear policy decisions and arrangements concerning the important issues of reform and opening up. However, it is impossible for these policy decisions and arrangements, which are used to guide the entire situation, to contain explicit stipulations on all specific issues. This requires us to make correct judgments and decisions based on specific local conditions when carrying out practical work. In this continuously developing and changing situation, we will not know what to do and will accomplish nothing if we stubbornly wait for very specific instructions and stipulations from higher authorities. Also, we will become hesitant and unable to find a way out if we fail to free ourselves from the shackles of the product economy system and always understand and handle issues with old ways of thinking and work methods. Whether we can implement the instructions of higher authorities in a creative manner, in line with the realities of our region and enterprises, represents a realistic test of our sense and spirit of reform. We should further advocate freedom of thought, the spirit of opening up, the pioneering spirit, and the insight and courage to cut paths through mountains and build bridges across rivers. We should bravely initiate the undertakings that we are sure will help develop productive forces, and benefit the country and the people. Reform will bring risks, but we will have the capacity to take them. There will never be a way out if we stop or retreat whenever we encounter risks. Communist Party members and cadres should have the attitude of being highly responsible to the country and the nation, and calmly treat the contradictions and difficulties in reform, opening up, and social development.

In the process of deepening reform, we should correctly understand and handle the relationships among reform, development, and stability. Without reform, there can be no development. Without development, it is difficult to fundamentally achieve stability. Conversely, without stability, there is not a good environment for reform and

opening up. These three aspects are supplementary to one another and interactive. Any viewpoints and methods to set them against one another or separate them are wrong. What we should pay attention to is that we should not fear to implement the reform measures that should be implemented and eliminate the defects that should be eliminated for the sole purpose of maintaining stability. Such a passive method to maintain stability will not only prevent reform from advancing, but also prevent stability from lasting long. For example, we still have numerous misgivings and lack determination when eliminating egalitarianism and the common big pot in distribution. They are, however, the most crucial issues affecting the invigoration of enterprises. Leaving these defects uncorrected, enterprises will move increasingly into a blind alley, and ultimately the economic foundation that supports political stability will be shaken from the bottom. The key for us in solving problems lies in our correct understanding and attitude and our conscientious and painstaking efforts to carry out ideological and political work successfully. We should have the courage to promote reform and development, and also maintain the excellent situation of stability and unity.

At present, we face many very arduous tasks in restructuring the economy. The most fundamental is to gradually establish the economic system and operation mechanisms that combine the planned economy with market regulation. It requires us to deepen reforms within and outside of enterprises. Comrade Bu He already put forward many very good ideas on this issue based on the realities of Inner Mongolia. Here, I will once again emphasize the following.

First, we should conscientiously implement the principles of readjusting structure and increasing efficiency. The central authorities have put forward the demand that, along with the conclusion of the economic rectification stage, we should truly place economic work in the orbit of readjusting structure and improving efficiency, and should correctly unite speed with efficiency. Readjusting structure and increasing efficiency is not only the guiding principle for economic development but also the content and purpose of the reform. In implementing this principle, enterprises should focus the expansion of reproduction on technological progress and on strengthening scientific management; accelerate readjustment and reform of the product mix, technology structure, and methods of management and operation; and follow the road of expanding reproduction by tapping potential, rather than by blindly initiating new projects. To implement this guiding principle, we should truly embrace the overall point of view and the concept of efficiency, break with the barriers between different departments and regions, and optimize the combination of production elements.

Second, we should deepen the internal reform of enterprises. The crux of the internal reform of enterprises is to change the operating mechanism. Such a change should at least include the following: 1) Establishing a flexible

operating mechanism which is able to respond rapidly; that is, to establish a capable, efficient, and scientific command system for production and management; strengthen the ability to develop products and expand markets in line with market demand; and enhance awareness of market competition, of taking the lead in products, and of putting customers before everything else. 2) Establishing an incentive mechanism in distribution. We should carry out the economic responsibility system in different categories to widen the difference in distribution between various fields. 3) Establishing a competition mechanism in employment. We should carry out fair competition among cadres and workers, employ cadres through appointment, promote or demote cadres as required, gradually popularize the per-worker contract system, break with the boundary between cadres and workers, and get rid of the "iron rice bowl" and the "iron chair." 4) Establishing the mechanism of self-accumulation and self-development. By improving efficiency and increasing accumulation, enterprises should make full and best use of the encouragement policy for technological progress, to achieve success in technological transformation and to enhance the level of input and output. In addition, enterprises should establish the mechanism of self-restriction in line with the demands of the "Law on Enterprises." In particular, enterprises should pay attention to solving the problem of assuming responsibility only for profits but not losses; perfect the enterprise contract system; and carry out the per-capita contract system so that it will provide enterprises with incentives as well as pressure. In the course of deepening the internal reform of enterprises, we should also actually strengthen macroeconomic regulation and control, and improve the external environment for enterprises in order to create a fine condition for enterprises to change their internal mechanisms, and to solve the contradictions in production and management which cannot be solved by enterprises alone.

Third, we should implement the central authorities' instructions on streamlining troops and administrative procedures, and should be determined to spread the reform experiences of the Qahar Right Wing Front Banner. At present, the problems of overstaffing and low efficiency are extremely serious in party and government organs. This has not only caused financial shortages and economic difficulties, but has also promoted bureaucracy and corruption. If we let such a situation develop for a long time, it will not only become a financial problem but will certainly lead to social and political problems. Thus, the problems must be solved.

To gradually change such a situation, we must be determined to spread throughout the region the experiences of the Qahar Right Wing Front Banner; that is, "streamlining the superstructure, strengthening the grass roots, changing functions, and improving service." This task had already been set forth by the fifth regional party congress as early as the end of 1989. Since then, the region held another on-the-spot meeting. This experience was again stressed at the regional meeting of league

and city party committee secretaries convened not long ago. We have set forth the policy of selecting one or two banners or counties in every league to experiment with this work.

Judging from the present situation, some localities have already witnessed certain achievements, but most of the localities have not shown much progress. Why? It is because many comrades still have misgivings. One of their misgivings is that "the lower level will be streamlined but not the higher level," and "who is going to take charge of the work and who is to be streamlined"; the other misgiving is where to settle those who have been streamlined. To eliminate these ideological misgivings, we must fully understand the great significance of reform and opening up. We should recognize that popularizing the experience of the Qahar Right Wing Front Banner is not an issue of streamlining a few persons or spending of less funds. More importantly, it is a profound reform. Judging from the reform trend, we must take this step, as should the higher and lower levels. Those who take this step earlier will gain the initiative, and those who fail to take this step will be in a passive situation. Certainly, it will be difficult to carry out reform in this aspect. But, as long as we emancipate minds and dare to explore, we will eventually find a method for this. The Qahar Right Wing Front Banner's experience has explained this point. The regional party committee and the government will specially study this issue in the near future. Meanwhile, they will also discuss the reform of the first-level organs of the region. The Organizational Department of the regional party committee, the Policy Research Office, the regional Commission for Restructuring Economy, and the Labor and Personnel Departments should step up their efforts to revise their plans to popularize the experience of this banner.

#### **4. We Should Fully Display the Political Advantages, and Mobilize the Enthusiasm and Creativity of the Workers to the Greatest Extent**

Strengthening party leadership and ideological and political work is the special political advantage of socialist enterprises, and a reliable guarantee for invigorating large and medium-sized enterprises. Without this, the development of enterprises will depart from the correct orientation and will lose cohesion and vitality. In this aspect, at present there are three fairly prominent issues: The first is how to display the political core role of the party organizations of enterprises, and to handle the relationship between the party and administrative organs correctly; the second is how to manifest the master status of the working class and to fully display the wisdom, ability, and creativity of the broad masses of workers; and the third is how to handle correctly the relationship between the principle of material benefits and ideological and political work in the production and operation of enterprises. The central authorities once explicitly discussed this issue, and in practice, many localities also provided experiences which we may use as reference.

The issue of the leadership system of enterprises is one of the important aspects of internal in-depth reform of enterprises. Since reforms began, we have made many valuable explorations in this aspect, and have accumulated some successful experiences. However, judging from the present situation, we have to do much theoretical and practical work. In enterprises, we have implemented the system of making plant directors (managers) assume full responsibility, and entrusted the daily production and operational activities of enterprises to plant directors and managers. This is an important measure in the reform of the enterprise leadership system and is effective in practice. We must unwaveringly uphold this measure and improve it gradually. However, during the past few years, the trend of relaxing party leadership and weakening the core political role of party organizations actually existed. At present, the Central Committee has put forward the correct principle for handling relations among the party, administrative organs, and workers. In practice, most of the enterprises have upheld this principle. The duties and responsibilities of the party, administrative organs, and workers are clear in general, and their relations are fairly good. To summarize the experiences of enterprises, we have discovered three points which we should study in particular and use for reference: First, the political core role of party organizations is manifested through collective leadership. As one of the party committee members, plant directors and managers should be responsible for the collective leadership of the party committee, and implement the decision which the party organizations have made within their power limits. Second, to improve the relations among the party, administrative organs, and workers, in addition to guaranteeing the formulation of policies, we must also guarantee their implementation with a high degree of awareness of party spirit and a sense of the overall situation. Third, one of the important factors for correctly handling relations among the party, administrative organs, and workers is the quality of leaders, particularly the quality of the principal party and administrative leaders.

At present, we should regard improvement of the party and administrative leading bodies of large and medium-sized enterprises as a key issue and make particular efforts to carry it out. Practice has proven that all successful enterprises have good leading bodies. A good leading body should be one which adheres to the socialist orientation, is politically strong and honest in performing duties, maintains close ties with the masses, has strong ability for leadership and economic management, and can cooperate with others and pioneer the way forward. In improving the leading bodies of enterprises, organizational, personnel, and other pertinent departments should conscientiously shoulder the responsibility to provide effective organizational guarantees for improving large and medium-sized enterprises. They should go to enterprises to conduct investigation and study and do a good job in the selection, appointment, management, appraisal, and training of enterprise cadres within the limits of their authority to manage cadres.

They should particularly do a good job in the selection and training of major party and administrative leaders. They should, in a timely manner, reshuffle the leading cadres who are evidently incompetent and the leading bodies which are seriously disunited and have accomplished nothing, and should never procrastinate in work for fear of hurting their feelings. Only in this way can the requirement for improving large and medium-sized enterprises be met. While improving enterprise leading bodies, we should also intensify efforts to improve the organizational contingent of enterprises; achieve success in the work of trade unions, women's federations, and the Communist Youth League; and give full play to the functions of these mass organizations. We should pay attention to recruiting party members from workers in the forefront of production, encourage workers to improve themselves through independent study in the process of work, and pay attention to promoting enterprise managerial cadres from among the workers. We should fully encourage the enthusiasm and creativity of the scientific and technical personnel of enterprises, and organize scientific and technical personnel from all quarters to play their important role to the maximum in promoting scientific management and technical advances in enterprises.

Strengthening ideological and political work and fully boosting the enthusiasm of staff members and workers constitute a basic measure in improving large and medium-sized enterprises. The working class is the master of the state enterprises. Only when they work as masters at their posts can they display great enthusiasm for building socialism. If this issue is left unsolved, no policy measures will work, no matter how good they are. Enterprise party organizations should consider it their central task to lead and carry out ideological and political work and directors and administrative cadres should also carry out ideological and political work well in line with their production and managerial activities. We should maintain a compact and efficient contingent of full-time political work cadres. The ideological and political work of enterprises should be carried out to counter the numerous ideological problems currently arising in reform and opening up. We should make the difficulties and problems of enterprises known to their workers as they are, guide them to understand correctly and bravely bear the burden of the difficulties, and explore ways to overcome them. We should intensify ideological education so that workers will raise their political awareness, enhance their sense of responsibility as masters, embrace the idea of "feeling honored for the development of enterprises and feeling ashamed for the decline of enterprises," link their fate closely with that of enterprises and the state, correctly handle their relationship with the state and the collective in terms of interests, take public interests into consideration, be willing to sacrifice, take the initiative to share the burden with the state, and bridge over difficulties with enterprises. We should clearly understand that the socialist nature of large and medium-sized state enterprises decides that we must attend to the two civilizations simultaneously. We

should not only stress economic efficiency and provide good-quality products to society but also share social responsibilities and bring up better educated and well-disciplined new people who have lofty ideals and moral characters for the motherland. They are the two basic tasks of socialist enterprises and neither of them can be dispensed with.

#### **5. We Should Strengthen Leadership, Change Work Style, and Implement the Guidelines of the Central Work Conference in a Down-to-Earth Manner**

Since the introduction of reform and opening-up, we have adopted many feasible policies and measures for invigorating large and medium-sized enterprises, thus promoting the development of such enterprises. However, viewing the current situation of the large and medium-sized state enterprises, some problems which should be solved have not yet been solved, and some difficulties which could be overcome have not yet been overcome. There are many reasons for this and the situation is relatively complicated. This situation has something to do with our lack of research, effective measures, and methods. In the past, we have been relatively familiar with agriculture and animal husbandry, have been relatively clear about how to develop agriculture and husbandry, and thus the results achieved in agriculture and animal husbandry have been even more obvious. Compared with then, our familiarity with industry has been less than with agriculture and animal husbandry, and the situation is worse still in developing industry under the system of combining the planned economy with market regulation. From now on, to implement the guidelines of the central work conference in a down-to-earth manner, we must list the invigoration of large and medium-sized enterprises as an important item on the daily agenda of leaders at all levels, and must put in considerably more energy to firmly grasp the work of invigorating large and medium-sized enterprises.

In strengthening leadership, party committees at all levels should first of all be duty-bound to grasp the major matter of invigorating large and medium-sized enterprises. The endeavor of invigorating large and medium-sized state enterprises touches upon many complicated factors and upon all fields of society, and thus it is very hard to do it. In a position of commanding the overall situation, party committees at all levels in all localities assume major responsibility for invigorating large and medium-sized enterprises. Now, a relatively universal problem is that party committees at all levels have not done enough in grasping economic work, and in particular the work of invigorating large and medium-sized enterprises. In the future, party committees at all levels should unfailingly grasp the central work of economic construction; should exert even greater effort in studying economic work and the major issues concerning the direction, principles, and policies of economic work; and should give full play to their role as political leaders in the process of invigorating large and medium-sized enterprises and in developing the national economy in an all-round manner.

In strengthening leadership, governments and economic departments at all levels should concentrate their energies on invigorating large and medium-sized enterprises. Governments and economic departments at all levels directly serve enterprises. Therefore, they should embrace a strong sense of service, intensify service means, improve service quality, and serve as a link to invigorate large and medium-sized enterprises.

In strengthening leadership, not only party committees, governments, and economic departments, but also non-economic departments should provide social services in many fields for large and medium-sized enterprises. The work of invigorating large and medium-sized state enterprises will certainly be accompanied through ideological and political work, public opinion work, organizational and personnel work, and mass work. It is impossible to invigorate large and medium-sized enterprises by merely depending on the economic field without the close cooperation of various other fields. Therefore, all departments and fields are required to closely coordinate with one another, and make concerted efforts to fight the general war of invigorating large and medium-sized enterprises.

To effectively carry out leadership work, leading cadres at all levels must change their work style, seek truth from facts, and deal with concrete matters. To solve the difficulties and contradictions of large and medium-sized state enterprises, and to realistically create an environment and conditions for invigorating and improving them, we must conduct penetrating, meticulous, and painstaking work. It is not realistic to sit down and talk about principles and to make indiscreet remarks or criticism; to do surface work and be content with holding meetings, hearing briefings, and issuing documents; to have a vague notion about anything and to work carelessly; and to avoid meeting contradictions, fear difficulties, and avoid the important and dwell on the trivial. We must consider reality in conducting investigations and study, and go to the forefront to study and solve the problems of each and every enterprise. This is the basic work of leading cadres, and the prerequisite for seeking the right to speak on the issue of invigorating large and medium-sized enterprises. Party and government leaders at all levels should go to enterprises when they have difficulties, do a good job in the coordination work, and actively help enterprises eliminate misgivings and difficulties; they should also go to the masses of enterprise managerial cadres, scientific and technical personnel, and workers to understand their hardships, listen to them, study ways and methods to solve their problems, and help them overcome difficulties and bridge over difficulties.

At present, the central policies and measures and the regional implementation opinions have been clearly defined, and the crucial issue involved in the next step is to implement these policies and measures firmly. On the one hand, we should deeply study the guidelines of the central work conference in line with our own reality, strive to apply the conference guidelines to our own

actions, and realistically end the practice of copying them indiscriminately. We should overcome all sorts of ideological obstacles, use our minds, broaden our views, and strive to seek new improvements and breakthroughs in our understanding, and to have new ways and methods to do our practical work. On the other hand, we should share work and cooperate with one another, establish the responsibility system at each level, and enable each level to grasp the work of the next level. In addition to doing surface work well, the regional-level organs should pay attention to the work of leagues, cities, and some large enterprises. The regional party committee has initially decided that efforts should be made to organize the strength of all sectors to go to enterprises of various ownerships to analyze their problems, work on the spot, strive to revitalize them, and use the experience gained in the selected units to lead the work in the entire area and to invigorate the overall situation. Leagues, cities, banners, and counties should also use the same methods, pinpoint the priorities and strive to seek actual results. All in all, in invigorating large and medium-sized enterprises, we must not be content with a general call. We must strengthen specific guidance and translate it into action.

We should regard the implementation of the guidelines of this central work conference as a new starting point, and carry out our work creatively. In our road of advance, we may come across difficulties and dangers of one sort or another. As long as we act in line with the central plan, firmly unite with and rely on the people of various nationalities across the region, pool the efforts of all, and engage in arduous struggle, we will surely overcome difficulties, do a good job in tackling the most difficult problems in the battle to invigorate large and medium-sized state enterprises, and push forward the great cause of building socialism with Chinese characteristics.

### Inspects Ulanqab League

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[Text] When conducting investigations and study in Ulanqab League, Wang Qun, secretary of the autonomous regional party committee, emphasized that we should conscientiously summarize the region's successful experiences in agriculture, animal husbandry, and rural and pastoral work in the 1980's and, in line with the realities of the region, implement the guidelines of the eighth plenary session of the 13th Central Committee in a down-to-earth manner to realize a new situation in the agriculture, animal husbandry, and rural and pastoral work of Inner Mongolia.

Wang Qun went to Liangcheng County, Ulanqab League to conduct investigations and study 13-15 December. He conducted on-the-spot investigations on the (?farmland that produced commodities) of some townships and villages, asked in detail about peasants' production and lives, and heard reports on local work. Focusing on the central topic of discussion of how to proceed from the

realities of the autonomous region in comprehensively implementing the guidelines of the eighth plenary session of the Central Committee and creating a new situation on the region's agriculture, animal husbandry, and rural and pastoral work, he held discussions with the leading comrades of Ulanqab League, Liangcheng County, Fengzhen city, Qahar Right Wing Front Banner, and some townships.

Wang Qun emphasized: The current situation in agricultural and animal husbandry production in the region is very good. However, a conspicuous problem is the incompatibility of the socialized service system with the development of agricultural and animal husbandry production.

He urged: Inspired by the implementation of the guidelines of the eighth plenary session of the Central Committee, all localities throughout the region should actively develop the socialized service system and develop agricultural and animal husbandry production more quickly into a commodity economy with high output and efficiency. First, we should update our ideas and firmly embrace the ideas of competition and efficiency and the idea of achieving development through high-quality and low-priced products. Faced with fierce market competition, we cannot promote the healthy development of the commodity economy if we do not embrace these ideas. Judging from the overall situation, Inner Mongolia's farm and animal husbandry products have advantages and a wide market. However, we should achieve success through quality and price superiority. We should conduct study and learn to use the law of value and enhance the sense of the commodity economy. Second, we should change mechanisms and quickly establish the operation mechanisms that are guided by the market and that combine the planned economy with market regulation. Enlivening the circulation of farm and animal products is a priority of the endeavor to deepen rural and pastoral reform. In the process to change the mechanisms, we should actively explore ways and use economic means to develop the economic entities that carry out management independently and that are responsible for their own profits and losses. Pertinent government departments at all levels should have a timely grasp of market trends and do a good job in guiding agricultural and animal husbandry production. They should select and assign competent administrative cadres, managerial personnel, and scientific and technical personnel to take charge of the improvement of the service system and the marketing of farm and animal products. We should actively develop the economic entities engaged in both service and business and gear their work to the needs of the localities inside and

outside the region, and the needs of foreign countries, to open up fairly stable and broad markets. We should introduce the contract system, the futures market system, and the risk-taking mechanism. We should provide necessary preferential policies to the endeavor to enliven circulation of products and strengthen service. Meanwhile, guided by the market, we should also do a good job in adjusting farm and animal product mix in line with specific local conditions for the purpose of developing highly efficient agriculture and animal husbandry and making the region and the people prosper. We should bravely probe and achieve progress in this work with a spirit of responsibility to the party and the people. Third, we should intensify efforts to build production bases. We should gradually lead peasants' scattered production to the track of socialized large-scale production in a planned and orderly manner in line with specific local conditions. We should develop farming and livestock breeding compatible with local conditions. We should build various types of farm and animal product bases led by those that produce superior products and develop large-scale production to raise efficiency. As has been proven in practice, without commodity production bases, large-scale economic efficiency cannot be achieved, development of the commodity production cannot be facilitated, and the fairly comfortable life cannot be achieved on schedule.

Wang Qun also pointed out during the investigations and study: We should fully develop our aboveground, underground, and manpower resources to develop actively the various types of economic entities engaged in production or service. This is an effective way to expand continuously collective economic strength. In developing the collective economy, we should emphasize developmental production projects. Localities where the collective economy is weak may start with the development of farming, livestock breeding, forestry, and fruit production. They should actively develop small collective crop farms, livestock farms, and forest farms to accumulate funds gradually and increase the strength of the collective economy. Localities where the collective economy has a fairly solid foundation should also quicken their pace in development. To expedite the development of the socialized service system, we should continue to pay close attention to and achieve success in the work to streamline the departments at higher levels, replenish those at grass-roots levels, change their functions, and strengthen their service. We should organize and send a large number of cadres to the grass-roots level and enterprises to establish the entities engaged in service or business, so as to serve agricultural and animal husbandry production and the endeavor of promoting the two civilizations still better, and to facilitate Inner Mongolia's development of agriculture, animal husbandry, and rural and pastoral work.

**National Assembly Election Campaign Concludes****Parties Appeal for Support**

*OW2112081791 Taipei CNA in English 0807 GMT  
21 Dec 91*

[Text] Taipei, Dec. 21 (CNA)—Leaders of the major political parties made the last-minute efforts Friday night to appeal for voter support in Saturday's "crucial" elections for the Second National Assembly.

The ten-day campaign ended at 10 P.M. Friday. Candidates used motorcades, door-to-door solicitation, "begging," and even "rumor spreading" to win as much support as they could.

During the past ten days, government sponsored campaign rallies drew smaller crowds than privately sponsored rallies, and voter enthusiasm has on the whole dwindled when compared with previous elections.

Even the first-ever TV campaign has not aroused much interest—all three TV stations have reported lower-than-expected viewer ratings when campaign videos prepared by the major political parties were broadcast.

Vote soliciting strategies have largely remained the same, with village chiefs and faction leaders visiting each family in their neighborhood to promote their preferred candidates.

The ruling Kuomintang [KMT] has campaigned on the themes of "amending, not rewriting, the Constitution" and "stability, reform, and prosperity."

KMT Secretary General James Soong, opposing bribery and violence, hoped the elections will be held peacefully and rationally.

Soong and other ranking KMT officials urged the voters to support the KMT so that it can play a leading role in amending the Constitution.

Appearing on the last campaign video Friday night, Soong said a vote for the KMT means "the best insurance policy for the future of our nation."

KMT Spokesman Chu Chi-ying asked the people to realize President Li Teng-hui's "love of the people" and vote for his party so as to smooth Li's constitutional reform programs.

Campaigning on a much more radical theme of building a "Republic of Taiwan," the major opposition Democratic Progressive Party (DPP) has called for rewriting the Constitution to allow for a direct popular election of the president.

The DPP also clearly expressed its opposition to unification with China in all of its campaign literature.

DPP Chairman Hsu Hsin-liang, echoing the KMT's anti-bribery and anti-violence calls, urged the people to make an "independent and personal" choice and vote for the DPP.

Hsu told a press conference Friday afternoon that only by supporting the biggest opposition party, thereby enabling it to exercise a greater checking power, can the country enjoy real political progress.

Kao Yu-shu, an adviser to the National Democratic Independent Alliance, also stressed the "basic democratic principle" of having a strong opposition.

Kao reminded the voters of the importance of today's National Assembly election. Political awareness is more important than the election of individual candidates, he noted.

The senior opposition leader did not forecast how many votes his group will win. "This is not important."

**Tainan Protesters Confront Police**

*HK2212021991 Hong Kong SOUTH CHINA MORNING POST in English 21 Dec 91 p 1*

[By Willy Wo Lap-lam]

[Text] An angry crowd of 2,000 opposition leaders and their supporters surrounded a government building in the southern Taiwan county of Tainan yesterday to protest against alleged vote-rigging by the Kuomintang (KMT) administration.

The confrontation with police and election commission officials took place after Tainan authorities admitted they had printed 86,000 excess ballot papers for today's National Assembly elections.

The offending papers were later burned and the crowd dispersed by about 8 pm.

In a television address winding up the election campaign, KMT secretary-general, Dr James Soong, said a vote for the ruling party was the "best insurance policy for the next generation".

However, Democratic Progressive Party (DPP) chairman, Mr Hsu Hsin-liang, responded by saying the vote would be a "plebiscite" on the independence issue—a chance for the Taiwanese people to reject "the precarious, disastrous union with the communists".

The confrontation between the Tainan authorities and the opposition DPP was the climax of an emotional week-long debate on whether the KMT had used its awesome resources to influence voting.

Accusing the KMT of using the "bogus votes" to inflate the showing of its own candidates, DPP and non-partisan candidates in Tainan demanded that all the ballots be reprinted, and that the elections for Tainan be postponed.

The rally outside the county government was led by five DPP candidates—Mr Li Chung-fan, Mr Hsieh Ching-wen, Mr Li Chun-yi, Mr Huang Hsien-ching and Mr Liu Hui-hsung—as well as non-partisan candidate Mr Chen Hsiu-hsien.

During scuffles with police, Mr Hsieh and Mr Liu were injured. A police officer, Mr Lin Yan-hsi, was allegedly beaten by the crowd.

Tainan county magistrate, Mr Li Ya-chiao, said the extra ballot papers had come about because the local election commission had "over-estimated the number of voters".

However, he said it was not necessary to reprint ballots or postpone the poll.

At DPP headquarters in Taipei, spokesman and head of the party's foreign affairs department, Ms Maysing Yang, described the huge ballot print run as a typical KMT "dirty trick".

A total of 468 candidates, with 215 from the KMT and 94 from the DDP, are vying for 225 places in the National Assembly, whose powers are to revise the constitution and elect the president.

In addition, 100 seats will be distributed to the parties according to their share of the votes.

### Li Appeals to Voters

OW2112084191 Taipei CNA in English 0810 GMT  
21 Dec 91

[Text] Taipei, Dec. 21 (CNA)—President Li Teng-hui urged all voters to go to the polls Saturday to help elect the Second National Assembly which will be responsible next year for amending the Constitution.

"This is a historic moment, and I hope every one of you will join it," the president said in a televised TV speech Friday night.

He pointed out that the National Assembly elections will greatly influence the constitutional reforms due next year.

"Our Constitution, promulgated almost 45 years ago, must now be amended according to the public will," Li said.

Li urged all people to spend a few moments to think over the nation's future and to cast a "sacred" ballot.

Li's speech was read in Mandarin as well as the Minnan and Hakka dialects, the three major languages used in Taiwan.

### Electorate Urged To 'Treasure' Vote

OW2112075691 Taipei CNA in English 0741 GMT  
21 Dec 91

[Text] Taipei, Dec. 21 (CNA)—Voters are going to the polls Saturday to elect the Second National Assembly of the Republic of China [ROC].

A total of 13,083,119 citizens are eligible to vote. There are 10,884 polling stations in 58 election districts. A total of 467 candidates fielded by 17 political parties are contesting 225 seats.

President Li Teng-hui and Premier Hao Po-tsun Friday urged the electorate to treasure their right to vote and vote only for the candidates they believe are best.

In a televised speech to the nation on the eve of election, President Li said the election is very important to the nation's future, because the newly-elected National Assembly will amend the Constitution next year.

Premier Hao urged voters to make their choice wisely so that the Republic of China will be able to create a "political miracle" under an amended Constitution. The original Constitution is almost 45 years old.

President Li has announced a constitutional reform program aimed at facilitating democratization, maintaining political stability, and allowing wider participation by the people in national affairs.

The newly-elected National Assembly will begin to amend the Constitution next March. The major constitutional provisions to be reformed include the central government's organization, the procedures and ways to elect the president, local government structures, and relations between the president, the premier, and the legislature.

The new National Assembly, which will be dissolved in 1996 when the Third National Assembly is elected, will consist of the 225 regional representatives to be elected today, 80 national representatives, and 20 Overseas Chinese representatives.

The 100 seats reserved for the national and Overseas Chinese representatives will be allotted to political parties according to the number of votes they receive in the Dec. 21 elections. Only those parties which poll at least 5 percent of the total votes cast in today's elections will be eligible for receiving the allotment.

The 467 candidates for the Dec. 21 elections include 214 fielded by the ruling Kuomintang, 94 by the major opposition Democratic Progressive Party, 45 by Chinese Social Democratic Party, and 35 by National Democratic Independent Political Alliance.

All polling stations in Taiwan will be opened to voters from 8 AM until 4 PM, while those on offshore islands, including Kinmen and Matsu, will close one hour earlier. Early vote returns will be available in the evening.

**Ruling Party Victorious in 21 Dec Balloting****Wins 'Landslide Victory'**

*OW2112185691 Taipei CNA in English 1626 GMT  
21 Dec 91*

[Text] Taipei, Dec. 21 (CNA)—The ruling Kuomintang (KMT) of the Republic of China Saturday won a landslide victory in the Second National Assembly election.

A total of 667 candidates fielded by 17 political parties contested 225 seats. The election proceeded smoothly throughout the country. In the election, the KMT polled 6,053,366 votes, or 71.17 percent of the total votes cast. The opposition Democratic Progressive Party (DPP) received 2,036,271 votes, or 23.93 percent; followed by National Democratic Independent Political Alliance (NDIPA) with 193,234 votes, or 2.27 percent; and Chinese Social Democratic Party (CSDP) with 185,515 votes, or 2.18 percent.

Of the 225 seats contested, the KMT won 179 seats, followed by DPP with 41 and (?NDIPA) with 3.

Of the 13,083,119 citizens eligible to vote, [figure indistinct] went to the polls. The voter turnout rate was 68.32 percent, [word indistinct] higher than expected.

President Li Teng-hui said this evening that he was pleased with the enthusiastic participation of the citizens in the election. Its successful completion indicates that the Republic of China has made considerable progress [word indistinct] he added.

Vice Foreign Minister Chang Hsiao-yen (John Chang) said the ruling Kuomintang's landslide victory in the election indicates that the political situation [word indistinct] Republic of China is very stable and that the advocacy of Taiwan independence is detested by a great majority of the citizens.

The Republic of China's (?position) as a democratic country in the world community was strengthened as a result of this election, Chang added.

The newly-elected National Assembly will begin to amend the 45-year-old Constitution next March. The major provisions of the Constitution to be amended include the central government's organization, the procedures and ways to elect the president, the government structure and relations between the president, the premier, and the legislature.

The new National Assembly, which will be dissolved in 1996 when the Third National Assembly is elected, will consist of the 225 regional representatives elected today, 80 national representatives, and 20 Overseas Chinese representatives.

The 100 seats reserved for the national and Overseas Chinese representatives were allotted to political parties according to the number of votes they received in today's

election. The KMT allotted 60 seats for national representatives and 15 seats for Overseas Chinese representatives, while the DPP received 20 national seats and five Overseas Chinese seats.

[Words indistinct] in the Second National Assembly, the KMT has 254 seats, the DPP 66 seats, and the NDIPA three seats.

**Soong Promises Accelerated Reform**

*OW2312091591 Taipei CNA in English 0738 GMT  
23 Dec 91*

[Text] Taipei, Dec. 23 (CNA)—The ruling Kuomintang [KMT] pledged to speed constitutional reforms following its landslide victory in the Second National Assembly elections over the weekend.

A confident KMT is also known to be studying how to repeat its big victory during the Legislative Yuan elections scheduled for late 1992.

James Soong, KMT secretary general, assured the populace that the KMT will make greater efforts and be even more humble and sincere as it accelerates the pace of reforming the nation's Constitution so the public can share in the fruits of constitutional democracy.

The KMT, receiving 71.17 percent of the vote in the elections, has a clear mandate to play a leading role in amending the Constitution.

Soong lauded the electorate for its "grand achievement" in joining peaceful and rational elections which indicate the Republic of China's democracy has further progressed and matured.

Soong promised that the KMT will continue to consult other political parties in amending the Constitution so that next year's National Assembly can smoothly complete the reform process.

He explained that beginning this week, the KMT will forge a party consensus, "integrate" opinions from all sectors of society, promote its reform ideas, and prepare concrete proposals for revising key constitutional articles.

Ma Ying-jeou, a legal expert elected to the National Assembly as a national representative, said public opinion must still be respected during the amendment process.

"The ruling party will join with the people and reflect their wishes for stability in order to accomplish the mission of revising the Constitution," Ma added.

Asked if the failure of the minority parties during the elections will affect the progress of the nation's constitutional democracy, Ma said, "No."

"There will be non-KMT assemblymen in the assembly, and the academic and media will play their roles," Ma noted.

Wu Po-hsiung, chairman of the Central Election Committee, thanked all election workers for their hard work during the campaign and the polling.

"The elections were, on the whole, very successful. Yesterday's balloting and vote counting have been conducted in a Christmas eve-like atmosphere," the interior minister observed.

### Results Seen as Economic 'Boon'

OW2312091491 Taipei CNA in English 0745 GMT  
23 Dec 91

[Text] Taipei, Dec. 23 (CNA)—The Kuomintang's [KMT] landslide victory in the just-concluded Second National Assembly elections will be a boon to the country's economy, a Council for Economic Planning and Development official said Sunday.

The ruling party, which pledges to give Taiwan "stability, progress and prosperity" and backs eventual unification with the China mainland, won more than 70 percent of the votes in the historic elections last weekend.

"The decisive victory will enable the ruling party to play a leading role in constitutional reforms, which the new National Assembly will undertake next year," the official explained. "This will also contribute to domestic political and social stability and revive private investment willingness."

The official pointed out that frequent filibusters by the opposition Democratic Progressive Party (DPP) in the Legislative Yuan have hindered economic reforms and discouraged private investments in recent years. Many important bills designed to modernize the country's obsolete economic, financial and trading systems, for instance, have long been pending legislative deliberation and approval.

The advocacy of Taiwan independence by the major opposition party has dampened private investments as businessmen feel insecure and uncertain about the country's future, the official noted.

The DPP's defeat in the National Assembly elections reflected the public's distaste for the party's secessionist advocacy, the official observed. "I expect the DPP to lower its independence rhetoric in the future," he said.

This will also facilitate improvements in relations between the two sides of the Taiwan Strait, the official opined. "We'll benefit from steady and benign cross-strait exchanges."

Since the KMT has won a commanding lead in the Constitution-amending process in which the public has great expectations, the official said, "our current six-year National Development Plan will certainly proceed smoothly and will pave the way for Taiwan to join the ranks of developed counties by the turn of the century," he added.

### DPP Leader Interviewed

HK2312031591 Hong Kong SOUTH CHINA MORNING POST in English 23 Dec 91 p 9

[By Willy Wo-lap Lam in Taipei]

[Text] The chairman of Taiwan's main opposition Democratic Progressive Party (DPP), Mr Hsu Hsin-liang, has hinted it will temporarily scale down its pro-independence campaign after the setback suffered in the National Assembly ballots at the weekend.

In an interview with the South China Morning Post, Mr Hsu admitted his party had failed to get a clear-cut authorisation from the people to "push to the conclusion" its advocacy of independence.

While the DPP would reiterate its stand on independence when the National Assembly convened in March, it lacked a popular mandate to stage "vehement struggles" for goals such as the drafting of a new constitution for an independent Taiwan Republic, he said.

Political sources in Taiwan said the elections, which saw the DPP's share of the popular vote slip to 24 percent from 28 percent three years ago, could open up new debates between the opposition's moderate and radical factions over the party's strategy for separatism.

At the same time, the Kuomintang's (KMT) landslide victory had strengthened the hand of President Mr Li Teng-hui as well as his so-called "mainstream faction" of moderates.

The sources said there was a possibility that moderate KMT members of the National Assembly, whose major function is revision of the constitution, may work out a compromise with their DPP counterparts on the question of popular elections for the president.

Speaking at DPP headquarters yesterday, Mr Hsu admitted his party had failed to get the message across to voters that at the weekend ballot should be regarded as a referendum on Taiwanese independence.

"The elections were a traditional one in that matters like money, local connections and personal ties were more important than political views," Mr Hsu said.

He said the party would not give up its independence campaign.

The DPP was convinced that if the Government was to hold a referendum on the issue, the majority would support a declaration of independence from the mainland.

However, Mr Hsu, who is also a leader of the party's moderate or Formosa Faction, dropped strong hints the DPP would play down, at least temporarily, its call for independence.

"Struggles and contentions will only be successful if the majority of the people are behind them," he said. "The DPP must not be dictatorial and go against the will of the people."

It must correctly understand and grasp popular opinion.

The DPP would probably not try to turn the elections for the Legislative Yuan late next year into an independence referendum, he said.

Sources close to the DPP said Mr Hsu's words were the strongest indication to date that the party might, to improve its showings in next year's crucial elections, soften its independence stance.

However, the radical New Tide Faction and the Taiwan Republic Front, which control 65.8 percent of the 41 seats won by the DPP, might challenge this.

The radicals want to proceed with writing a new Republic of Taiwan constitution, while the Formosans want to concentrate on the issue of direct elections for the president.

Political analysts said the KMT's 71 percent share of the votes had bolstered the authority of Mr Li and his mainstream faction.

As most of the 215 candidates were fielded by the mainstream faction, the landslide victory was expected to strengthen the hand of Mr Li.

"Li himself wants direct elections of the presidency as he is almost sure to win when he runs for a second term in 1996," a source said.

The other KMT faction, led by Premier Mr Hao Po-tsun and remnants of the Chiang Kai-shek clan, favours a cabinet system which puts more restraint on the power of the president.

According to a survey released by the China Times Express yesterday, 38 percent of the newly elected assemblymen favour direct elections for the president, with 41 percent opting for delegated direct elections, which are akin to the American electoral-college system.

Fifty-one percent prefer the American-style presidential system, while only 20 percent prefer a Westminster style cabinet system.

#### **Former DPP Chairman Comments**

OW2312085591 Taipei CNA in English 0731 GMT  
23 Dec 91

[Text] Taipei, Dec. 23 (CNA)—The former chairman of the opposition Democratic Progressive Party (DPP) said over the weekend that his party had done poorly in the Second National Assembly elections because it had prematurely adopted a pro-independence platform. "The people were not ready to accept the idea," Huang Hsin-chieh said in a telephone interview with CNA after the election results were announced. "I regret our defeat," he

added. The major opposition party had said it wanted to win at least 30 percent of the votes but it only garnered 23.93 percent. In the last parliamentary elections in 1989, the party took more than 30 percent of the votes.

#### **CSDP Dealt 'Crushing Defeat'**

HK2312023791 Hong Kong SOUTH CHINA MORNING POST in English 23 Dec 91 p 9

[By Willy Wo-lap Lam]

[Text] The crushing defeat of the Chinese Social Democratic Party (CSDP), led by the charismatic politician, Mr Ju Gau-jeng, shows there may not be any room for third-party politics in Taiwan.

Nicknamed "Rambo" for his pugilistic antics at the Legislative Yuan, Dr Ju formed the CSDP last spring to provide voters with an alternative to the Kuomintang (KMT) and the Democratic Progressive Party (DPP).

During the weekend's ballot for the National Assembly, however, none of the 45 candidates fielded by the party was successful. Its share of the vote was a meagre 2.13 percent.

Dr Ju, who gained his own seat in the Legislative Yuan in 1988 with more than 100,000 votes, was especially humiliated by the fact that his brother, Mr Ju Gao-hui, managed only 11,020 votes in their home town and power base of Yun Lin county.

None of the other 14 small parties got more than three percent of the popular vote on Saturday.

Dr Ju, also known as "Taiwan's premier warship", said after the elections that the two percent the CSDP secured was enough affirmation by the public for a "nine-month-old baby".

Dr Ju told the South China Morning Post that his party, which has 6,000 members, was still committed to offering voters a third choice.

He said the KMT had absolutely no compulsion to introduce reform because of its heavy political baggage, with particular resistance coming from its conservative factions.

Moreover, with the DPP failing to evolve into a viable opposition party, the KMT need not fear being displaced.

"The DPP's decision to choose independence as their platform has guaranteed that it can never get more than 50 percent of the votes," he said.

Dr Ju said he left the DPP more than a year ago because he was frustrated by the lack of democracy in its higher echelons.

"The party is still dominated by former political prisoners," he said. "They deserve respect for their huge personal sacrifice, but many have refused to listen to others."

"Argument with them is impossible. The moment they disagree with you, they will appeal to authority by saying, 'But where were you when I was in prison'?"

Dr Ju said he had been annoyed by the fact that while in the past the DPP had maintained that independence should be decided by all Taiwan residents, the party had labelled those who opposed separatism as "traitors of Taiwan".

"The DPP will continue to get the solid support of hard-core pro-independence residents—about 10 percent of the population," he said. "But they have no means to open up new avenues of support."

Dr Ju said that while the CSDP was new, it was the only party that was drafting policies with the public good in mind.

While not overtly for reunification, the CSDP wanted Taiwan to do its best to improve the livelihood of mainlanders, as a way for Taipei to make global contributions and to return to the international community.

### Minister Views Bush Remarks on Independence

OW2112080091 Taipei CNA in English 0745 GMT  
21 Dec 91

[Text] Taipei, Dec. 21 (CNA)—Foreign Minister Frederick Chien Friday interpreted United States President George Bush's Friday remarks about Taiwan independence as a continuing U.S. commitment to peace in this part of the world.

During a Washington press conference Bush stressed U.S. interest in peace in the Taiwan area. He also hoped that the Taiwan issue will be resolved by "those differing parties talking."

Chien said Bush's remarks indicate that the U.S. does not want to see any political development that will harm peace and stability or heighten tensions in this area.

"This is the U.S. position which has not changed over the past 12, and even 40, years," Chien noted.

Some Taiwan media have translated Bush's reference to "differing parties" as "the political parties involved." Chien clarified that by saying that Bush was referring to "the two sides of the Taiwan Strait."

The U.S. has always reiterated its position that both Peking and Taipei claim Taiwan is part of China, that the China issue should be solved by the Chinese themselves, and that the U.S. will not play an intermediary role between the two sides.

The U.S. has not changed its position since the signing of the Shanghai Communique, Chien noted.

### Failure To Visit 'Regrettable'

OW2112081491 Taipei CNA in English 0752 GMT  
21 Dec 91

[Text] Taipei, Dec. 21 (CNA)—U.S. President George Bush's failure to include the Republic of China into the itinerary of his upcoming Asian tour is regrettable, a highly placed economic official said Friday.

"Since the main purpose of his trip is to boost U.S. exports," the official who preferred anonymity said, "Bush should visit Taiwan, Asia's fastest-growing market for U.S. merchandise."

Bush, accompanied by a large group of American business executives, is scheduled to visit Japan, South Korea, Singapore and Australia Dec. 30-Jan. 10 to push for open markets and fair trade.

Quoting U.S. Commerce Secretary Robert Mosbacher, the official said, the planned 12-day trip represents a Bush initiative that will bring "business and government together" to promote American exports and to lure foreign investments as part of his efforts to prop up the faltering U.S. economy.

The official pointed out that except for Singapore, the three other Asian countries Bush will visit are suffering from economic slowdowns. South Korea, for instance, registered a trade deficit of 10.8 billion U.S. dollars in the first 11 months of this year. The ability of these countries to import American goods will certainly be affected by their own economic woes, the official observed.

By contrast, the official said, Taiwan's economy has remained bullish and dynamic, and its imports from America increased a hefty 12 percent in the January-November period as compared with the year before.

Moreover, the official noted, the current multibillion-dollar six-year National Development Plan is expected to further expand Taiwan's domestic demand and thus to enlarge its import markets.

"Taiwan is therefore the most promising market for American products in the Asian Pacific region," the official said. "I regret that Bush had decided to shun Taiwan out of political considerations," he remarked.

Taiwan, a grateful beneficiary of U.S. economic aid in the 1950s, has been America's most faithful and cooperative trading partner, the official said. "We have successfully redressed our trade surplus with the U.S. during the past few years."

The official added that Bush, who will be standing for re-election next year, should have included Taiwan into his itinerary in order to make his Asian trip more successful and fruitful.

**Mainland Dissident Fang Lizhi Arrives in Taipei**  
*OW2312101691 Taipei CNA in English 0749 GMT  
 23 Dec 91*

[Text] Taipei, Dec. 23 (CNA)—Saying that he has "returned home," Mainland Chinese dissident Fang Lizhi arrived in Taipei Sunday night.

Fang, an astrophysicist now teaching at Princeton University in the United States, said emotionally that although he arrived in a new place, he felt like coming home.

Fang's wife Li Shuxian, a physicist, echoed her husband's view. She said coming to a Chinese land where everyone speaks Mandarin made her feel at home.

Fang was invited by the Ming Teh Foundation, which promotes public policy research, and the monthly magazine **GLOBAL VIEW** to make a nine-day visit.

During his visit, Fang is scheduled to meet with Wu Ta-you, a physicist who heads Academia Sinica, Taiwan's leading research institute.

Fang will also deliver several speeches and visit the scenic Hualien area.

Fang and his wife took refuge in the U.S. embassy in Peking after the Tiananmen Square massacre in June 1989. The couple left the embassy for Britain a year later and then traveled on to the United States.

**Policy To Unite Taiwanese With Mainland Spouses**  
*OW22121112391 Taipei CHINA POST in English  
 19 Dec 91 p 16*

[Text] Starting next year, a total of 240 mainland spouses of Taiwan residents will be allowed to settle on the island every year, according to the Bureau of Entry and Exit.

Mainland spouses who have entered the country illegally should leave the country first before they can apply to reside in Taiwan, according to the Bureau of Entry and Exit, which approves such applications.

According to Liu Pennchun, the bureau's vice director, those who have been married to Taiwan residents for two years or have had children are eligible to apply.

These applicants will enjoy 120 seats per year if their marriages occurred before Nov. 1, 1987, when the government first allowed civil visits to mainland China.

The same number of seats will also be reserved for those who married after Nov. 1, 1987, according to Liu.

However, priority will be given to mainlanders who married Taiwan residents before 1949, when the Nationalist government moved to Taiwan following a civil war with Chinese communists, Liu said.

Liu also said that Taiwan applicants whose spouses are in mainland China should submit their applications to the Free China Relief Association in Taipei.

If they have arrived in Hong Kong, the applications should be handed to the Hong Kong and Macao Relief Commission.

Applicants should contact ROC [Republic of China] embassies, consulates or foreign offices if their spouses are in foreign countries.

A copy of the applicant's domicile registration to show his or her relations with the mainland, the marriage certificate and an agreement from the applicant's second wife, if any, should be attached to the application.

After the Chinese Communist Party took over China, many civilians and military personnel fleeing to Taiwan with the Nationalist government remarried here.

The bureau also decided that mainlanders who are 70 years-old and have close relatives in Taiwan can also apply to live here.

Current regulations require mainlanders to be under 12 years and at least 75 years-old, and have direct relatives here, before they are allowed to apply for permanent residence in Taiwan.

## Hong Kong

### Councillors To Meet Local XINHUA Director

HK2312033391 Hong Kong *THE STANDARD*  
in English 23 Dec 91 p A-1

[By Amy Choi]

[Text] Members of the group of conservative Legislative Councillors headed by Allen Lee have met China's top envoy in Hong Kong, Zhou Nan.

The contact between the director of Xinhua News Agency in Hong Kong and Mr Lee's Co-operative Resources Centre is considered the first positive move by the conservative legislators and Chinese officials to open dialogue.

Mr Lee has said frequently that he regards communication with China as a top priority for the group, which was launched early this month.

Mr Lee refused to confirm or deny whether his group had met Mr Zhou.

But a core member of the 21-member Co-operative Resources Centre, Executive Councillor Selina Chow, said meetings with Chinese officials had been held "from time to time".

"Sometimes we meet with the director (of Xinhua), sometimes with a deputy director," she said.

Asked when the last meeting was, she said: "I forgot."

Xinhua deputy director Zhang Junsheng said yesterday he was not prepared to comment on the matter. Last week, Mr Lee attended for the first time a special year-end conference held by local pro-Beijing newspaper Wen Wei Po.

A picture of the conference room showed him sitting with other pro-China figures such as defeated candidates in the September election Cheng Kai-nam, Kan Fook-yeo, Ho King-on and Chan Yuen-han.

Mr Lee's views, juxtaposed with those expressed by 12 others who attended the conference, were printed in last Saturday's Wen Wei Po.

Mr Lee yesterday refused to discuss the meeting with top Xinhua officials.

"I would say it if I wanted to," the former senior legislator said. "It's too early to say it now."

He added: "I refuse to deny or confirm it."

Mr Lee was also quoted as saying he hoped to visit Beijing to meet Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office.

Saying she was not aware of the event, junior Co-operative Resources Centre member Felice Lieh Mak, said: "I have very little time to attend such meetings."

The unwillingness by members of the conservative group to discuss the contacts may indicate concern about being seen to take a pro-China stand. In the present political climate such a stand may put the group in an unfavourable light, observers say.

### XINHUA Fails To Account for Flood Donations

HK2212062691 Hong Kong *SOUTH CHINA MORNING POST (SPECTRUM)* in English  
22 Dec 91 p 5

[Text] While several volunteer agencies in Hong Kong have recently released details on the use of local donations to China flood victims, the New China News Agency (NCNA) [XINHUA] last week could not explain exactly how hundreds of millions of dollars it received since July was being used.

Following inquiries from the Sunday Morning Post, agencies such as World Vision, Oxfam and the Hong Kong Red Cross produced detailed accounts and photographs of the almost \$200 million they have received from Hong Kong residents.

But officials at the NCNA, after repeated phone inquiries last week, would only give the exact sum donated to the organisation—\$547.9 million in cash and \$70.6 million in supplies—with no further breakdown of figures or details of allocations to various flood relief efforts.

An NCNA official said the local arm of the agency was not kept informed about the uses of the money, which was transferred in total to Beijing and is administered by a government flood relief committee there.

The official added, however, it was "likely" there would be a full report made by Beijing on how the money has been used for the Hong Kong public at a later date.

World Vision is set to make such a report this week, when it sends a breakdown of its project costs to each of the 15,000 private donors who contributed to the flood relief coffers.

The Hong Kong Red Cross has informed its donors and others through a media supplement detailing accounts, as well as a series of exhibitions which will run until January which include photographs of relief work and figures.

One voluntary worker admitted there was little way to make the Chinese Government accountable for the money it had received: "They simply do not feel that they have any obligation to talk to the media or inform the public about what they are doing."

He added, however, that he had heard of no instances where corrupt officials had taken advantage of the chaos to misuse the funds.

**Council Orders Review of Local Broadcasting**

*HK1912044991 Hong Kong SOUTH CHINA MORNING POST in English 19 Dec 91 pp 1, 2*

[By Owen Hughes]

[Text] The Executive Council [Exco] yesterday told the Recreation and Culture Branch to carry out a six-month review of local broadcasting—less than a month after the branch finished a six-month review.

It is to come up with recommendations on whether TVB's and ATV's licences should be altered, whether Cantonese-language programmes should be legally relayed into Hong Kong, and how to marry pay TV and existing broadcasters.

Both local broadcasters welcomed the news that their licences were likely to be reviewed, but TVB expressed disappointment that a decision on a pay television framework was again delayed.

Coming up with a workable plan for pay TV was the main plank of the branch's earlier review, inspired by the collapse of the Hong Kong Cable Communications consortium in November 1990.

It was expected that this week's meeting of the Executive Council would act on the administration's recommendations, presented by the Broadcasting Authority but with input from the branch, the Post Office, the Television and Entertainment Licensing Authority, and Economic Services.

The reports were drawn up over the past nine months and were meant to climax with the announcement of pay TV.

Hard lobbying by STAR TV to remove bans on showing Cantonese-language programmes and charging subscriptions meant these items were also part of the agenda before Exco.

Wharf has suffered a blow with the announcement, since it has spent millions of dollars on assembling manpower and equipment to launch a bid to build a pay TV system, in the hope of an early decision on tendering.

In a statement issued last night, Wharf Cable managing director, Mr. Stephen Ng Tin-hoi, said only that the company "regrets that a delay by up to six months limits the Government's options in developing a competitive environment for a subscription television service".

He said he was "seeking clarification" on the Exco statement, adding that Wharf was still "eager to continue to work with the administration with a view to ensuring the framework can be finalized within the shortest possible time".

Hong Kong University academic, Mr. John Ure, condemned the review as "a failure on the part of the Government to make up its own mind".

STAR TV refused to comment, although privately they will welcome another opportunity to press for permission to show Cantonese language programmes.

The final version of the framework will be delayed for at least half a year while the new review is being conducted.

There was no indication from the Government when it thought tender documents would be finally issued.

Recreation and Culture Branch Secretary Mr. James So Yiu-cho will begin meetings with all interest parties early next year.

TVB assistant general manager Mr Nicholas James said: "We welcome the fact that Exco has addressed itself as to whether we should have a view of our licence and also that there is a definite time limit for this to take place in."

He added that the station was disappointed there was now an "implied delay" in the introduction of pay television.

"We would have liked to have seen some progress and now that has been delayed by at least six months."

He said that unlike the earlier review, the Government was now considering the position of the local broadcasters, along with satellite and terrestrial pay television.

For ATV, deputy chief executive officer Mr. Stanislaus Tsao Kwong-ngo said he welcomed the new review arguing that it was a chance to "take stock" and the time spent examining all aspects of the industry would be "worthwhile."

"Rather than rushing into it we should make a clean breast of things to avoid any repetition of the Hong Kong Cable Communications collapse last year. I am not perturbed by this announcement at all."

**Jailed Refugees To Serve Time Before Deportation**

*HK1912054591 Hong Kong SOUTH CHINA MORNING POST in English 19 Dec 91 p 2*

[By Fiona Macmahon]

[Text] The Government intends to deport Vietnamese criminals who receive sentences of more than six months as soon as they have served their time in the territory, in line with international practice.

A spokesman said yesterday that with the resumption of direct flights to Hanoi it was now possible to talk to Vietnam about deportation.

The move was approved in principle by the Executive Council last month and it is hoped to start deportations at the beginning of the New Year.

At present boat people are returned to detention centres as soon as they have completed their sentences.

The spokesman said deportation was first considered when it became clear that direct flights would be resumed.

The first direct flight to Ho Chi Minh City for 16 years left on Monday and the first scheduled flight to Hanoi left yesterday.

Generally, he said the Hong Kong Government's policy was not to send people back to Vietnam who had not been screened to determine whether they were refugees or not and this was likely to be the case with criminals being deported.

On December 14, there were 324 Vietnamese boat people serving sentences in Hong Kong jails.

Up till now, the only way for criminals to be returned to Vietnam was if they volunteered to go home.

#### Financial Secretary Reports on Fiscal Reserves

HK2212012291 Hong Kong SOUTH CHINA MORNING POST in English 21 Dec 91 p 1

[By Fanny Wong and Dorothy Lai]

[Text] Hong Kong's fiscal reserves have surged to a record \$80 billion, the Financial Secretary, Mr Hamish Macleod, revealed yesterday, which delighted legislators so much that they shrugged off warnings that airport spending would slash the figure to \$30.5 billion by 1997.

The news that the territory's "cash in the bank" had grown by about \$7 billion in the past nine months was given to Executive and Legislative Councillors during an unprecedented background briefing in advance of the Budget in March, designed to outline the administration's thinking as it prepares for next year's "housekeeping".

At the end of March this year, Hong Kong's reserves stood at about \$73 billion. But higher-than-expected earnings from stamp duties, direct taxes and other fees and charges are thought to have contributed to the unexpected windfall.

Banking expert and Legco [Legislative Council] member, Mr Vincent Cheng Hoi-chuen, describing the projected \$30.5-billion reserves as a "mere rough estimate that is not meaningful at all", said the administration's sums excluded possible new revenues.

He said the use of reserves was regarded as "a transformation from financial assets to real assets which is revenue-generating".

"I don't have any worries because what we are spending on the airport is an investment rather than mere spending," said Mr Cheng, the senior manager for group research with the Hong Kong Bank.

He believed that the future Special Administrative Region would be in a strong economic position when it came into being, supported by its Land Fund, revenues

from the airport and related projects, and income from selling the present airport site.

One of the long-standing barriers to Beijing's acceptance of Hong Kong's airport scheme was fears that the mainland could be left servicing massive debts created by airport spending once it regained control of the territory in 1997.

Another Legco member, Mr Albert Chan Wai-yip, said the projected drop in reserves was only to be expected once Hong Kong had decided to go ahead with the airport.

"I don't see that there will be any problem," he said. "We can either finance the airport with the reserves or increase taxes."

According to Finance Branch estimates, between the current financial year and 1996-97, a total of \$156.6 billion is expected to be set aside to carry out the capital works projects planned by the Government, including the huge airport core programme.

Of the total, \$41.6 billion or 26.5 percent is earmarked for the airport core programme while the rest would be spent on major projects such as community facilities, schools, hospitals, sewage treatment and disposal facilities, roads and a new town development programme.

Legislative Councillors were earlier concerned that the amount spent on the airport core projects would exceed 25 percent of total public works expenditure.

Information provided to Legco's public works subcommittee indicates that the spending on the airport core programme in the five years beginning 1991-92 would amount to \$37.3 billion, double that of other projects which would total \$18.6 billion.

Officials said yesterday that total expenditure over the next five years on projects that were not part of the airport core programme would actually be more, as \$18.6 billion only represented expenses on new projects.

Other capital works already under way were not included in the \$18.6-billion tag.

Finance Branch officials have calculated that in the six years beginning the current financial year, up to \$45 billion for non-airport core projects has already been granted while another \$70 billion funding has yet to be awarded.

In the same period, approved funds for the airport core projects has topped \$20.6 billion and officials will seek further grants of \$21 billion in the future.

Based on this calculation, the airport core programme's budget would amount to 26.5 percent of the total public works expenditure.

Financial Secretary Mr Macleod, speaking after addressing the French Business Association, said the airport projects would be around the 25 percent ceiling.

"Comments to the contrary are based on a misunderstanding of the figures and on confusion between money for new projects and the total expenditure on projects," he said.

Finance Branch officials said the \$42 billion earmarked for the airport core programme included the cost for building the Lantau fixed crossing.

They said that if the fixed crossing's franchise was sold either before or after completion of the project, at least \$11 billion could be reimbursed to the public funds, reducing the Government's public works spending on the airport and related plans to \$31 billion.

This would further push down the ratio from 26.5 percent to 21 percent, they said.

In the briefing to Omelco [Office of Members of the Executive and Legislative Councils] members, Mr Macleod also indicated that while the reserves would be sliding down, the economy would be growing at an estimated five percent a year in the run-up to 1997.

Estimated economic growth was four percent in the current year compared with 2.8 percent in 1990-91 and 2.7 percent in 1989-90, he said.

To the medium-range forecast, Mr Macleod said the level of future expenditure was acceptable, having regard to the policy that spending should grow broadly in line with the economy.

He added that within the expenditure levels forecast, government spending would increase in real terms by about five percent a year, or \$4 billion at the current rate.

Councillors were told that the additional expenditure would allow more to be spent in the next financial year on key areas, including \$880 million on health services, \$690 million on education, \$240 million on social welfare, and \$130 million on the environment.

### Airport To Cost \$37.3 Billion Over Next 5 Years

*HK1812090891 Hong Kong SOUTH CHINA MORNING POST in English 18 Dec 91 p 1*

[By Kent Chen]

[Text] The Government's spending on the airport core programme over the next five years is expected to be double that on other essential public works projects, and will top \$37.3 billion [currency not specified].

Some Legislative Councillors are concerned that funding for airport-related projects is being given such priority that they may be at the expense of other essential capital works.

Estimates prepared by the Finance Branch show only \$18.6 billion will be set aside in the five years from

1991-92 for various essential projects such as port development, community facilities, schools, hospitals, sewage treatment and disposal facilities, roads and new town development programmes.

The administration is understood to have given the construction of the Chek Lap Kok airport and its essential supporting infrastructure programme priority over all other considerations.

Legislators were told on Monday that 17 public works projects worth \$5.4 billion have been temporarily shelved—some for several years.

Some councillors are concerned about the allocation of spending as the Government earlier indicated that spending on the airport core programme would not exceed 25 per cent of total public works expenditure.

It is understood that projections submitted to the Legislative Council Public Works Sub-Committee fail to give a clear explanation of how the 25 per cent ceiling was derived.

They wanted to be assured that spending on airport-related projects would not exceed the 25 per cent.

Legislators are uncertain about whether other items of public works spending have been left out of the five-year projections, affecting the calculation of the proportion earmarked for the airport core programme.

On the simple calculation that the Capital Works Reserve Fund will provide some \$37 billion for the airport core programme while providing \$18.6 billion to other major projects, the differential is 50 per cent.

United Democrat legislator Mr Albert Chan Wai-yip said he had demanded during a sub-committee meeting two weeks ago that officials break down the estimated expenditure, and outline the formula used to calculate the 25 per cent ceiling.

He said the Government had failed to give him a proper reply and he pledged to press for an answer at today's meeting.

Mr Chan said, according to his estimates, airport spending would definitely be higher than the 25 per cent limit.

It is understood officials are ready to provide more details today.

According to the Finance Branch's estimates, spending on the airport core projects under the public works programme will add up to \$2.03 billion in the current financial year.

This will inflate to \$6.55 billion and \$9.32 billion in 1992-93 and 1993-94 respectively.

Spending will peak in 1994-95 with an estimated \$10.6 billion required to fund the airport core programme, which will taper off the following year to \$8.72 billion.

The estimated budget for non-airport projects for 1991-92 is \$222 million, leaping to \$1.73 billion and \$3.53 billion in the following two years.

Unlike the airport core programme, whose spending will peak in 1994-95, spending on other projects is expected to continue to rise with an estimated \$5.3 billion and \$7.81 billion budgets for 1994-95 and 1995-96 respectively.

### China Resources Group Boosts International Trade

HK1812105091 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1140 GMT 15 Dec 91

[By reporter Sheng Meilan (4141 5019 5695)]

[Text] Hong Kong, 15 Dec (ZHONGGUO XINWEN SHE)—The China Resources Group has evolved into a multifunctional, transnational group which plays an important role in the development of Hong Kong's international trade. Since 1991, the group has done very well in its various business activities, such as commodity trading, wholesale and retail sales, transport, and storage, and its turnover multiplied to twice that of last year.

A person in charge of a China Resources Group department told this reporter that as a transnational organization based in Hong Kong, the group currently has global investments worth 1 billion dollars [currency not specified] and takes part in over 400 projects. Its annual turnover is nearly 6.5 billion dollars. This year, its import-export trade grew remarkably, primarily because of the more intensive reform of the mainland's foreign trade structure, more abundant commodities, and the opening of more diversified markets.

At present, the China Resources Group has 40 wholly owned companies and more than 100 jointly owned companies in Hong Kong. It has the same number of subsidiaries on the Chinese mainland. The group has total investments of 440 million dollars in Hong Kong and overseas, more than its investments in the Chinese mainland. Its investments in Hong Kong and Macao are principally in public utilities, ports, and hotels. The China Resources Group took part in the financing of the Tates-Cairn tunnel in Hong Kong's New Territories, which opened to traffic in June this year; total investment of this project amounted to nearly 2 billion Hong Kong dollars. The group is also a shareholder in the Hong Kong International Container Port Corporation, which is presently managing Kwai Chung's ports 4, 6, and 7. It is the sole investor in the 26-story Macao Holiday Inn Hotel, for which principal construction is basically complete. The group also owns other commercial and industrial buildings in Hong Kong.

The China Resources Group's overseas investments are also growing rapidly, with investment areas extending from the Pacific Rim to North America, Europe, and the Middle East. Its business concerns include real estate, wood processing, logging, and industries.

### Commentary on 'Bright' Prospects of Transit Trade

HK2012111891 Hong Kong ZHONGGUO TONGXUN SHE  
in Chinese 0628 GMT 17 Dec 91

[“Commentary” by Yu Cheng (6735 2052)]

[Text] Hong Kong, 17 Dec (ZHONGGUO TONGXUN SHE)—Hong Kong's transit trade has regained an evident growth this year, with a performance better than expected. It is believed that the transit trade may slow down during the first half of next year, yet the substantial growth rate for the entire year is expected to reach 20 percent. The prospects of Hong Kong's transit trade are bright.

The substantial growth rate of Hong Kong's total transit trade volume this year is estimated at about 25 percent, far higher than the Hong Kong Government's 15-percent estimate made earlier this year. The performance of transit trade this year is also better than in 1989 and 1990. Transit trade is expected to make satisfactory headway in the coming year. It is thought that the divergent views held by China and the United States in trade talks will affect the performance of Hong Kong's transit trade nominally during the first half of next year, but the total substantial growth next year will still be considerable.

The sustained good performance of the transit trade is based on the following factors:

1. China's economy is rebounding and its imports and exports have also grown rapidly. The substantial growth rate of China's total trade volume this year and next year is estimated at 18-19 percent, for there is still a big demand for various materials and commodities transited via Hong Kong. Even if the United States considers negotiations with China have broken down and therefore starts to carry out Section 301 against China, the total value of goods involved amounts to only \$1.5 billion or less, thus exerting a relatively limited impact on the future development of Hong Kong's transit trade.

2. South China factories invested in by Hong Kong businessmen have been greatly enhanced in terms of production technology, product quality, and payment periods; and their capability to accept orders is also satisfactory. Although the U.S. demand for imported goods is unlikely to increase within a short time, because many Asian countries have registered a sustained and evident improvement in their economies and there are signs that the European market will gradually recover, Hong Kong and south China factories invested in by Hong Kong businessmen are guaranteed in terms of order acceptance and production, thus becoming one of the major motive forces in bringing about big increases in transit trade.

3. After they set up a relatively solid economic basis in the 1980's, Asian countries and regions will attain rapid development in the 1990's, and material and commodity exchanges within the region will become more frequent.

Because of Hong Kong's ideal location, it is natural that it has become a transit center. In fact, among the 10 major transit trade partners during the first 10 months of this year, Asian markets accounted for 50 percent of the total, while the growth rate registered by Mainland China and Japan reached 37 and 21 percent respectively during the same period.

Hong Kong has once again become a major transit center in Asia. Hong Kong's transit trade today is largely different from its service nature many years ago. The most important feature of transit trade today is that a considerable amount of commodities for transit are produced by south China factories invested in by Hong Kong businessmen, which will not only bring substantial benefits and contributions to Hong Kong's entire economy, but also give Hong Kong businessmen more favorable fringe profits than they could gain from production in Hong Kong.

Thanks to the constantly enhanced production capability and quality of laborers in south China, Hong Kong businessmen have begun to gradually make intensive investment in areas such as the Zhujiang delta, with an aim to turn out and export products which are of relatively high quality or high priced. The upward readjustment of product export value will increase the total goods value involved in Hong Kong's transit trade accordingly, thus enabling the substantial growth rate of transit trade to continue evident growth. The proportion of transit trade in the entire export trade will become increasingly larger.

#### **Peruvian Passport Offer Attracts 300 Applicants**

HK2212023991 Hong Kong SOUTH CHINA MORNING POST in English 21 Dec 91 p 3

[by Lorna Wong and Luisa Tam]

[Text] A new emigration package offered by the Peruvian Government to Hong Kong residents has attracted 300 applicants and five times as many inquiries on the first day.

Blooming Strong Development, a company set up a year ago to act as the country's sole agent in handling emigration in the region, has earmarked \$15 million [currency not specified] to promote the scheme.

Chairman Mr Tong Zie, a former chairman of Jademan Holdings, said he was satisfied with the first day response from the Hong Kong public.

"The response on the first day seems quite good. However, we are expecting more applicants or inquiries in the next few days. And we will gauge from that response whether we should further extend our promotional campaign after the holidays," said Mr Zie.

Blooming Strong Development yesterday ran fullpage advertisements in eight major local newspapers, including the SOUTH CHINA MORNING POST. Mr Zie said they were thinking of running television advertisements after Christmas.

The scheme offers a family of four Peruvian passports in return for a deposit of U.S.\$44,000 (HK\$ [Hong Kong dollars] 341,924) for five years in the country's central reserve bank.

The company said that an investor or acting head of household who deposited U.S.\$35,000 with Peru's Central Reserve Bank for a period of five years may be eligible for a Peruvian passport with permanent right of abode. Dependents will need to pay an additional U.S.\$3,000 deposit each if they apply at the same time.

The company said the new package was passed by Peru's Government after a third reading on September 2.

The package emphasises that successful applicants would be able to obtain their passports without having to be in Peru and applicants can draw all the money back at the end if they want to, and it will be guaranteed by the Peruvian Government.

The company also added that passport applicants will be given an annual interest rate of five percent.

Once approved, the process for issuing passports will take up to seven weeks, according to the company.

However, Mr Zie refused to divulge what the quota was, but said: "We are instructed by the Peruvian Government not to reveal the quota limit, and all I can say is the number is not very big."

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